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Attorneys for Plaintiff
COLLEGESOURCE, INC.

ORIGINAL

FILED
JUL - 8 2010
CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

COLLEGESOURCE, INC., a California corporation,

Plaintiff,

vs.

TRAVELERS INDEMNITY COMPANY OF CONNECTICUT, a Connecticut corporation,

Defendant.

Case No. '10 CV 1428 JAH POR

Hon.

COMPLAINT FOR:

(1) DECLARATORY RELIEF; AND
(2) BREACH OF CONTRACT

Plaintiff CollegeSource, Inc. seeks declaratory relief and damages from Defendant Travelers Indemnity Company of Connecticut for breach of contract.

THE PARTIES

1. Plaintiff CollegeSource, Inc. ("CollegeSource") is a corporation organized under the laws of the State of California with its principal place of business located in San Diego, California.

2. Defendant Travelers Indemnity Company of Connecticut ("Travelers") is a Connecticut corporation with its principal place of business located in Hartford, Connecticut.

JURISDICTION

3. This is an action for declaratory relief and breach of contract pursuant to 28 U.S.C. § 2201. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332 because there is complete diversity of citizenship between CollegeSource and Travelers and more than $75,000 is in controversy in this action.

4. This Court has personal jurisdiction over Travelers because it (a) transacts substantial business in the State of California, including San Diego, and (b) contracted to insure risks resulting from acts that occurred within this district.

VENUE AND APPLICABLE LAW

5. Venue is proper in the United States District Court for the Southern District of California pursuant to 28 U.S.C. § 1391(a) and (c) because CollegeSource maintained its principal place of business in San Diego, California during all times relevant to this action.

6. Venue is also proper in this district because a substantial part of the events or omissions giving rise to the claims alleged herein occurred in this district. This complaint concerns a contract for liability insurance sold by Travelers to CollegeSource created in the Southern District where Travelers actively sells insurance policies and where College Source received the pertinent policy.

7. Venue is also proper in this district because this is an insurance coverage suit seeking determination of the defendant's duty to defend and its breach of the duty to defend the plaintiff in a suit pending in this court.

8. The substantive rights of the parties are governed by the law of California because the contract at issue in this case was executed in California, there is no evidence that the parties did not intend to contract pursuant to the laws of the state of California, the underlying claim arises in California, and the policies and interests of California would be most seriously impaired if it laws were not applied.

TRAVELERS' POLICY

9. Travelers issued a Commercial Insurance policy, No. I-660-3905B356-TCT-06, (the "Policy") to CollegeSource covering the period November 25, 2006 through November 25, 2007. A copy of the portions of the Policy is attached as **Exhibit "1."**

10. The policy includes Commercial General Liability coverage, amended and superseded by the policy's "Web Xtend Liability" endorsement (the "Endorsement"). In pertinent part, the Endorsement "delete[s] in its entirety" the policy's "**Coverage B Personal and Advertising Injury Liability**" coverage provisions and, in pertinent part, replaces them with the following relevant provisions:

> **COVERAGE B. PERSONAL INJURY, ADVERTISING INJURY AND WEB SITE INJURY LIABILITY**
>
> **1. Insuring Agreement**
>
> **a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury," "advertising injury" or "web site injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages.
>
> . . . .
>
> **b.** This insurance applies to: . . .
>
> **(2)** "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services; or
>
> **(3)** "Web site injury" caused by an offense committed in the course of the visual or audio presentation of material on "your web site" or in the numerical expression of computer code used to enable "your web site";
>
> but only if the offense was committed in the "coverage territory" during the policy period.
>
> . . . .
>
> **2. Exclusions**

This insurance does not apply to:

a. Knowing Violations of Rights of Another

"Personal injury", "advertising injury" or "web site injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal injury," "advertising injury" or "web site injury."

. . . .

g. Quality or Performance of Goods – Failure to Conform to Statements

"Advertising injury" or "web site injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in the course of advertising your goods, products or services.

. . . .

i. Insureds in Media and Internet Type Businesses

"Personal injury," "advertising injury" or "web site injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of website for others; or

(3) An Internet search, access, content or service provider.

. . . .

k. Unauthorized Use of Another's Name or Product

"Personal injury, "advertising injury" or "web site injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar activities that mislead another's potential customers.

. . . .

SECTION V – DEFINITIONS

"Advertising injury" means injury, arising out of one or more of the following offenses:

. . . .

c. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization

claiming ownership in such right, title or slogan.

. . . .

"Web site injury" means injury, other than "personal injury" or "advertising injury", arising out of one or more of the following offenses:

. . . .

d. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization claiming ownership in such right, title or slogan.

. . . .

THE UNDERLYING *ACADEMYONE* SUIT

11. AcademyOne, Inc. ("AcademyOne") filed a complaint ("Complaint") against CollegeSource on December 8, 2008 in litigation styled *AcademyOne, Inc. v. College Source, Inc.*, United States District Court, Eastern District of Pennsylvania, Case No. 2:08-cv-05707-JP ("the *AcademyOne* action"). The *AcademyOne* action was served upon CollegeSource on December 22, 2008. A copy of the Complaint is attached as **Exhibit "2."**

12. The Complaint alleges the following relevant facts:

> 5. AcademyOne provides an electronic system via the internet that allows college students and administrators to assess the equivalency of courses at different colleges and universities for purposes of transfer.
>
> 6. AcademyOne's business focus is improving the efficiency and reducing the cost of the college transfer process for both students and educational institutions. . . . The centerpieces of AcademyOne's business are the National Course Atlas, which provides a catalog of current course information at educational institutions across the country, and the Course Equivalency Management Center ("CEMC"), which provides an online means for comparing the academic equivalence of courses at different institutions.
>
> . . . .
>
> 11. On November 1, 2006, AcademyOne registered www.collegetransfer.net as a domain name for hosting and offering its products and services over the internet.
>
> 12. AcademyOne launched that site . . . in March 2007.

13. AcademyOne collected course descriptions for its database of current college catalogs in part by visiting approximately 4,000 colleges' and universities' websites. Many of these websites provided links to .pdf files of the institution's annual course catalog. Others provided course descriptions directly on their webpages. AcademyOne uploaded the course descriptions to its database in batches.

. . . .

16. In December 1971, the Career Guidance Foundation ("CGF") incorporated . . . . [Its] stated goal was to develop nationally coordinated education information systems.

. . . .

28. CollegeSource has been operating since 2004 as the purported successor of CGF. . . .

29. CollegeSource's business consists of maintaining and updating a library of .pdf college and university course catalogs and, most recently, providing online transfer evaluation systems for institutions. . . .

. . . .

36. Upon information and belief, CollegeSource began developing TES, its transfer evaluation system, in 2005. . . .

37. Upon information and belief, in April 2007, CollegeSource formally launched its TES Transfer Evaluation product and began to directly compete with CEMC. . . .

. . . .

39. On October 8, 2007, CollegeSource purchased the www.collegetransfer.com domain name and set it to link directly to its homepage, www.collegesource.com. With the exception of the extension, the domain name is identical to AcademyOne's website, www.collegetransfer.net, which is widely recognized by prospective transfer students.

40. Upon information and belief, prior registration of the www.collegetransfer.com domain name by a different registrant dating from 2002 served as a placeholder, and the website had no content.

41. Currently, CollegeSource's website features its TES application and advertises the ability to "Evaluate Coursework," "Manage Equivalencies" and "Improve Transfer!"

42. CollegeSource's use of www.collegetransfer.com is likely to cause confusion in the marketplace about source and origin of its goods and services. The average internet user who visits www.collegetransfer.com is likely to be unaware that the products [sic] it finds on that website are not supplied by AcademyOne, as they are at www.collegetransfer.net. This likelihood of confusion has caused and is causing harm to AcademyOne.

. . . .

COUNT II – TRADEMARK INFRINGEMENT AND FALSE DESIGNATION PURSUANT TO 15 US.C. § 1125(a)

67. AcademyOne incorporates the allegations of paragraph [sic] 1 through 66, inclusive, of this Complaint as though the same

were fully set forth herein.

. . . .

70. CollegeSource registered www.collegetransfer.com on October 8, 2007.

71. CollegeSource's website differs from AcademyOne's only in the domain extension.

72. CollegeSource provided that the website www.collegetransfer.com would immediately link back to its own website.

73. CollegeSource's website www.collegetransfer.com is likely to cause confusion in the marketplace with AcademyOne's previously registered www.collegetransfer.net.

. . . .

13. The remedies that AcademyOne seeks from CollegeSource include monetary damages.

COLLEGESOURCE'S CLAIM FOR COVERAGE AND TRAVELERS' REFUSAL TO DEFEND

14. Notice of the *AcademyOne, Inc. v. College Source, Inc.*, United States District Court, Eastern District of Pennsylvania, Case No. 2:08-cv-05707-JP ("the *AcademyOne* action") action was provided to Travelers on behalf of CollegeSource on June 1, 2009. A copy of the notice letter is attached as **Exhibit "3."**

15. Supplemental notice of the *AcademyOne* action was provided to Travelers on behalf of CollegeSource on June 4, 2009. A copy of the supplemental notice letter is attached as **Exhibit "4."**

16. Travelers denied coverage of the AcademyOne action by letter dated June 16, 2009. A copy of Travelers' denial letter is attached as **Exhibit "5."**

17. On July 7, 2009 Gauntlett & Associates, on behalf of CollegeSource, requested that Travelers confirm that its denial was for the 11/25/2006-11/25/2007 Policy in addition to the subsequently issued Travelers policies. A copy of the letter is attached as **Exhibit "6."**

18. Travelers confirmed that its June 16, 2009 denial applied to all Travelers Commercial Insurance policies covering the periods 11/25/2006 – 11/25/2007, 11/25/2007 – 11/25/2008, and 11/25/2008 – 11/25/2009, by letter dated July 17, 2009. A copy of the letter is attached as **Exhibit "7."**

19. By refusing to defend, Travelers breached its duty to defend CollegeSource in the *AcademyOne* action.

FIRST CAUSE OF ACTION
Declaratory Relief – Duty to Defend

20. CollegeSource, by this reference, incorporates each and every allegation set forth in the above paragraphs of this Complaint as though fully alleged herein.

21. A valid contract existed between CollegeSource and Travelers; specifically, the Policy.

22. By issuing and delivering the Policy, Travelers agreed to provide a defense for suits seeking damages for "personal injury, advertising injury, and web site injury" offenses as defined in its Policy. Travelers breached its Policy duties by failing to defend CollegeSource.

23. CollegeSource fully performed all of the obligations and conditions to be performed by it under the Policy or has been excused from performing them due to Travelers' breach of its duty to defend.

24. An actual bona fide controversy exists between CollegeSource, on the one hand, and Travelers, on the other hand, that requires judicial declaration by this Court of the parties' rights and duties. Specifically, the parties disagree about whether Travelers has a duty to defend CollegeSource in the *AcademyOne* action and to pay all of the attorneys' fees and costs CollegeSource has incurred and will incur in its defense.

SECOND CAUSE OF ACTION
(Breach of Contract – Duty to Defend)

25. CollegeSource, by this reference, incorporates all preceding paragraphs as though fully set forth herein.

26. Travelers breached its duty to defend the *AcademyOne* action by failing to provide CollegeSource a defense.

27. As a direct and proximate result of Travelers' breach, CollegeSource sustained damages and is entitled to Travelers' reimbursement and payment of the aggregate amount of attorneys' fees and other expenses it has incurred in defending itself in the *AcademyOne* action, plus

pre-judgment interest thereon from and after the date of each invoice at the legal rate of 10% (pursuant to Calif. Civil Code § 3287(a)).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff CollegeSource prays:

1. A judicial declaration that Travelers has a duty to defend CollegeSource in the *AcademyOne* action under the Commercial General Liability policy it issued to CollegeSource

2. A judicial declaration that Travelers breached its duty to defend;

3. General damages in the sum of all attorneys' fees and costs incurred by CollegeSource in defense of the claims asserted in the *AcademyOne* action;

4. Pre-judgment interest accruing thereon from the date of each invoice at the legal rate of 10% per annum;

5. For costs of suit herein; and

6. For such other and further relief as this Court may deem just and proper.

Dated: July 8, 2010

GAUNTLETT & ASSOCIATES

By: _____

David A. Gauntlett
Andrew M. Sussman

Attorneys for Plaintiff
COLLEGESOURCE, INC.

EXHIBITS TO COMPLAINT

EXHIBIT 1 -- Commercial Insurance Policy for 2006-2007 period

EXHIBIT 2 -- Complaint in the *AcademyOne* action, filed on December 8, 2008

EXHIBIT 3 -- June 1, 2009 notice of tender letter to Travelers

EXHIBIT 4 -- June 4, 2009 supplemental notice letter to Travelers

EXHIBIT 5 -- June 16, 2009 denial letter from Travelers

EXHIBIT 6 -- July 7, 2009 letter to Travelers confirming denial for each policy year

EXHIBIT 7 -- July 17, 2009 supplemental denial letter from Travelers

EXHIBIT 1

TRAVELERS

COMMERCIAL INSURANCE

A Custom Insurance Policy Prepared for:

COLLEGESOURCE, INC
HARRY G. COOPER. TRUSTEE OF
8090 ENGINEER ROAD
SAN DIEGO CA 92111

Presented by: G A PEARSON & ASSOCIATES

ALL-STATE LEGAL®
EXHIBIT
1

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

INSTITUTIONAL - PUBLIC SCHOOLS
COMMON POLICY DECLARATIONS
ISSUE DATE: 10/18/06

POLICY NUMBER: I-660-3905B356-TCT-06

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

1. NAMED INSURED AND MAILING ADDRESS:
   COLLEGESOURCE, INC
   HARRY G. COOPER. TRUSTEE OF (AS PER IL T8 00)
   8090 ENGINEER ROAD
   SAN DIEGO, CA 92111

2. POLICY PERIOD: From 11/25/06 to 11/25/07 12:01 A.M. Standard Time at your mailing address.

3. LOCATIONS

Premises Loc. No.	Bldg. No.	Occupancy	Address
SEE IL T0 03			

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:

COMMERCIAL PROPERTY COV PART DECLARATIONS	CP T0 11 01 03 TCT
COMMERCIAL GENERAL LIABILITY COV PART DECLARATIONS	CG T0 01 11 03 TCT

5. NUMBERS OF FORMS AND ENDORSEMENTS
   FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions:

Policy	Policy No.	Insuring Company

DIRECT BILL

7. PREMIUM SUMMARY:

Provisional Premium	$ 3,898
Due at Inception	$
Due at Each	$

NAME AND ADDRESS OF AGENT OR BROKER:
G A PEARSON & ASSOCIATES (X0846)
6225 LUSK BLVD
STE B
SAN DIEGO, CA 92121

COUNTERSIGNED BY:

_____
Authorized Representative

DATE:_____

TRAVELERS

POLICY NUMBER: I-660-3905B356-TCT-06
EFFECTIVE DATE: 11-25-06
ISSUE DATE: 10-18-06

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T0 01 05 03	COMMON POLICY CONDITIONS
IL T0 03 04 96	LOCATION SCHEDULE
IL T8 00	NAMED INSURED ENDORSEMENT

COMMERCIAL PROPERTY

CP T0 11 01 03	COMMERCIAL PROPERTY DECLARATIONS
CP T0 05 04 94	MORTGAGEE SCHEDULE
CP 12 18 06 95	LOSS PAYABLE PROVISIONS
CP T0 00 01 03	TABLE OF CONTENTS
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP T1 00 01 03	BUILDING & PERSONAL PROPERTY COV FORM
CP T1 09 01 03	BUSINESS INCOME COVERAGE FORM W/O EE
CP T1 12 01 03	EXTRA EXPENSE COVERAGE FORM
CP T1 08 01 03	CAUSES OF LOSS-SPECIAL FORM
CP T3 68 01 03	FUNGUS,ROT,BACTERIA CAUSES OF LOSS
CP T8 00	GENERAL PURPOSE ENDORSEMENT
CP T3 81 01 06	TERRORISM RISK INS ACT 2002 DISCLOSURE

COMMERCIAL GENERAL LIABILITY

CG T0 01 11 03	COML GENERAL LIABILITY COV PART DEC
CG T0 07 09 87	DECLARATIONS PREMIUM SCHEDULE
CG T0 08 11 03	KEY TO DECLARATIONS PREMIUM SCHEDULE
CG T0 34 11 03	TABLE OF CONTENTS
CG 00 01 10 01	COMMERCIAL GENERAL LIABILITY COV FORM
CG T8 00	GENERAL PURPOSE ENDORSEMENT
CG D2 55 11 03	AMENDMENT OF COVERAGE - POLLUTION
CG D3 25 01 04	ADDITIONAL INSURED - MORTGAGEE,ASSIGNEE
CG 21 70 11 02	CAP ON LOSSES CERTIFIED ACTS TERRORISM
CG D0 37 04 05	OTHER INSURANCE-ADDITIONAL INSUREDS
CG D0 86 11 03	HIRED AND NONOWNED AUTO EXCESS LIAB
CG D2 03 12 97	AMEND-NON CUMULATION OF EACH OCC
CG D2 34 01 05	WEB XTEND - LIABILITY
CG T4 91 11 88	ADDL INSD-DESIGNATED PERSON/ORGANIZATION
CG D2 43 01 02	FUNGI OR BACTERIA EXCLUSION
CG D2 56 11 03	AMENDMENT OF COVERAGE
CG D2 88 11 03	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG D3 26 01 04	EXCLUSION-UNSOLICITED COMMUNICATIONS
CG D1 42 01 99	EXCLUSION-DISCRIMINATION
CG D2 42 01 02	EXCLUSION WAR
CG T4 78 02 90	EXCLUSION-ASBESTOS

TRAVELERS

POLICY NUMBER: I-660-3905B356-TCT-06
EFFECTIVE DATE: 11-25-06
ISSUE DATE: 10-18-06

CG T3 33 11 03 LIMIT WHEN TWO OR MORE POLICIES APPLY
CG 32 34 01 05 CALIFORNIA CHANGES

INTERLINE ENDORSEMENTS

IL T3 68 01 06 FEDERAL TERRORISM RISK INSURANCE ACT
IL T3 79 01 06 CAPS ON LOSSES FROM CERT ACTS OF TERROR
IL 00 21 07 02 NUCLEAR ENERGY LIAB EXCL END-BROAD FORM
IL 01 02 05 05 CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL 01 04 02 04 CALIFORNIA CHANGES
IL 02 70 11 04 CA CHANGES-CANCELLATION & NON-RENEWAL
IL T3 55 08 98 EXCL OF CERTAIN COMPUTER REL LOSSES
IL T0 10 04 94 LENDERS CERTIFICATE OF INSURANCE-FORM A
IL T0 11 03 96 LENDERS' CERTIFICATE OF INSURANCE-FORM B

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
   a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
   b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

1. The first Named Insured shown in the Declarations:
   a. Is responsible for the payment of all premiums; and
   b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have rights and duties but only with respect to that property.

Includes copyrighted material of Insurance Services Office, with its permission. Copyright, Insurance Services Office, 1989

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, The Travelers agrees with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

The companies listed below (each a stock company) have executed this policy, but it is valid only if countersigned on the Common Policy Declarations by our authorized representative.

The Travelers Indemnity Company (IND)
The Phoenix Insurance Company (PHX)
The Charter Oak Fire Insurance Company (COF)
Travelers Property Casualty Company of America (TIL)
* The Travelers Indemnity Company of Connecticut (TCT)
The Travelers Indemnity Company of America (TIA)

*Formerly known as the Travelers Indemnity Company of Rhode Island (TRI)

General Counsel & Secretary

Chairman of the Board & Chief Executive Officer

LOCATION SCHEDULE **POLICY NUMBER:** I-660-3905B356-TCT-06

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 11-25-06 to 11-25-07 .

Loc. No.	Bldg. No.	Address	Occupancy
1	1	8090 ENGINEER ROAD SAN DIEGO, CA 92111	MICROFILM COPYING

POLICY NUMBER: I-660-3905B356-TCT-06 GENERAL PURPOSE ENDORSEMENT

NAMED INSURED ENDORSEMENT

ITEM 1 NAMED INSURED TO READ:

COLLEGESOURCE, INC HARRY G. COOPER. TRUSTEE OF THE HARRY G. COOPER TRUST DATED 09/21/89

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

POLICY NUMBER: I-660-3905B356-TCT-06
ISSUE DATE: 10-18-06

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

DECLARATIONS PERIOD: From 11/25/06 to 11/25/07 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial Property Coverage Part consists of these Declarations and the attached Supplemental Declaration(s), Schedule(s), Table of Contents, Commercial Property Conditions, the Coverage Form(s), the Cause of Loss Form(s) and endorsements.

1. COVERAGE - Insurance applies only to premises location(s) and building number(s) shown below for the coverage(s), optional coverage(s) or coverage option(s) indicated in this Declarations or specified in any endorsements attached to this Coverage Part.

2. DEDUCTIBLE - The following deductible applies unless a different or more specific deductible is indicated within this Declarations or by endorsement.

   $ 1,000 per occurrence

PREMISES LOCATION NO. 0001 BUILDING NO. 0001

COVERAGE	LIMIT OF INSURANCE	COINSURANCE	CAUSES OF LOSS
Building Agreed Value applies Replacement Cost applies	$ 633,195	100%	Special
Your Business Personal Property Replacement Cost applies	$ 1,016,488	90%	Special
Business Income Without Extra Expense Ordinary Payroll is included Period of Restoration - Time Period: 72 hours Civil Authority - Time Period: 72 hours Civil Authority Coverage Period: 21 consecutive days Extended Business Income: 30 days	$ 200,000	100%	Special
Extra Expense Restoration Period and Monthly Percentage Limits on Loss Payment: 40-80-100% Civil Authority Coverage Period: 21 consecutive days	$ 30,000	n/a	Special

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

POLICY NUMBER: I-660-3905B356-TCT-06
ISSUE DATE: 10-18-06

SUPPLEMENTAL DECLARATIONS

ADDITIONAL COVERAGES & COVERAGE EXTENSIONS

The following Additional Coverages and Coverage Extensions are provided under the Coverage Form(s) listed below for the Limits of Insurance shown. These Limits of Insurance apply in any one occurrence unless otherwise stated.

Some of these Additional Coverages and Coverage Extensions, or the applicable Limits of Insurance, may be modified by endorsements attached to this policy. There may also be other Additional Coverages or Coverage Extensions within your policy. Please read it carefully.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Additional Coverages		Limit of Insurance
Debris Removal		
- Additional Amount at each described premises	$	25,000
Pollutant Cleanup and Removal		
- 12 Month Aggregate Limit	$	25,000
Preservation of Property		Policy Limit
Fire Department Service Charge	$	5,000
Reward Coverage		
- Maximum Limit	$	5,000
Increased Cost of Construction		
- At each described premises	$	10,000
Fire Protective Equipment Discharge	$	5,000
Coverage Extensions		
Newly Acquired or Constructed Property		
- Each Building	$	500,000
- Personal Property in total, at each premises	$	250,000
Personal Effects and Property of Others		
- At each described premises	$	10,000
- Any one employee	$	2,500
Valuable Papers and Records		
- At each described premises	$	10,000
Property Off-Premises		
- At any installation premises or temporary storage premises while awaiting installation	$	10,000
- At any other premises you do not own, lease, or regularly operate including fairs, trade shows and "exhibitions"	$	25,000
Temporary Relocation of Property	$	50,000
Outdoor Property	$	10,000
- Any one tree, shrub or plant	$	500
- Any one antenna	$	2,500
Claim Data Expense	$	2,500

PRODUCER: G A PEARSON & ASSOCIATES X0846 OFFICE: ELMIRA NY SRV CTR 700

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

POLICY NUMBER: I-660-3905B356-TCT-06
ISSUE DATE: 10-18-06

BUILDING AND PERSONAL PROPERTY COVERAGE FORM (continued)

Coverage Extensions	Limit of Insurance
Extra Expense (including Expediting Expenses)	$ 2,500
Accounts Receivable	
- At each described premises	$ 10,000
Non-Owned Detached Trailers	$ 5,000
Outside Signs	$ 2,500
Covered Property in Transit	$ 10,000
Duplicate Electronic Data Processing Data & Media	$ 10,000
Electronic Data Processing Equipment and Data & Media - Limited	$ 10,000
Theft Damage to Rented Property	Policy Limit

BUSINESS INCOME WITHOUT EXTRA EXPENSE COVERAGE FORM

Additional Coverages	Limit of Insurance
Expenses to Reduce Loss	Policy Limit
Alterations and New Buildings	Policy Limit
Interruption of Computer Operations - Aggregate Limit	$ 25,000
Delayed Net Income Loss	Policy Limit

Coverage Extensions

Newly Acquired Locations	$ 250,000
Claim Data Expense	$ 2,500

EXTRA EXPENSE COVERAGE FORM

Additional Coverages	Limit of Insurance
Alterations and New Buildings	Policy Limit
Interruption of Computer Operations - Aggregate Limit	$ 25,000

Coverage Extensions

Newly Acquired Locations	$ 100,000
Claim Data Expense	$ 2,500

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL PROPERTY
COVERAGE PART DECLARATIONS

POLICY NUMBER: I-660-3905B356-TCT-06
ISSUE DATE:

Premises Loc. No.	Bldg. No.	Mortgage Holder Name and Mailing Address
1	1	MIDLAND LOAN SERVICES, INC AND AS PER CP T8 00 NCCI-026-06-01 900 WEST TRADE STREET, STE 650 CHARLOTTE NC 28255

POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL PROPERTY
ISSUE DATE: 10-18-06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS' RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Prem. No.	**Bldg. No.**	**Description of Property**	**Loss Payee (Name & Address)**
		SEE CP T8 87 03 99	

	Loss Payable	**Lenders Loss Payable**	**Contract of Sale**

Provisions Applicable:

A. When this endorsement is attached to the STANDARD PROPERTY POLICY **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "**X**" in the Schedule:

B. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
   - **a.** Warehouse receipts:
   - **b.** A contract for deed:
   - **c.** Bills of lading:
   - **d.** Financing statements; or
   - **e.** Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
   - **a.** We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear
   - **b.** The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property
   - **c.** If we deny your claim because of your acts or because you have failed to comply with terms of the Coverage Part the Loss Payee will still have the right to receive loss payment if the Loss Payee:

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(1) Pays any premium due under this Coverage Part at our request if you have failed to do so:

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so: and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or becauseyou have failed to comply with the terms of this Coverage Part:

(1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay: and

(2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the dept plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:

a. 10 days before the effective date of cancellation if we cancel for your non-payment of premium: or

b 30 days before the effective date of cancellation if we cancel for any other reason.

4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

D. CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.

2. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:

a. Adjust losses with you; and

b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interest may appear.

3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

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POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL PROPERTY
ISSUE DATE: 10-18-06

LOSS PAYABLE PROVISIONS SCHEDULE

Loss Payee (Name & Address)

MIDLAND LOAN SERVICES, INC.
AND AS PER CP T8 00
NCCI-026-06-01
900 WEST TRADE STREET, STE 650
CHARLOTTE NC 28255

Prem. No.	Bldg. No.	Description of Property	Provisions Applicable
1	1	BUSINESS PERSONAL PROPERTY	Loss Payable

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The following indicates the contents of the principal Forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

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COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
   a. During the policy period shown in the Declarations; and
   b. Within the coverage territory.
2. The coverage territory is:
   a. The United States of America (including its territories and possessions);
   b. Puerto Rico; and
   c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But

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you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
   a. Someone insured by this insurance;
   b. A business firm:
      (1) Owned or controlled by you; or
      (2) That owns or controls you; or
   c. Your tenant.

This will not restrict your insurance.

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BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout the policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION H – DEFINITIONS.**

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Completed additions;

(2) Fixtures, including outdoor fixtures;

(3) Machinery and equipment permanently attached to the building or structure;

(4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings;

(d) Lobby and hallway furnishings owned by you;

(e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering (not used for restaurant operations);

(f) Lawn maintenance and snow removal equipment; and

(g) Alarm systems;

(5) If not covered by other insurance:

(a) Alterations and repairs to the building or structure; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property–Separation of Coverage endorsement:

(1) Furniture and fixtures;

(2) Machinery and equipment;

(3) "Stock";

(4) All other personal property owned by you and used in your business;

(5) Labor, materials or services furnished or arranged by you on personal property of others;

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy or lease, but do not own; and

(b) You acquired or made at your expense but are not permitted to remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless coverage is otherwise provided for under Personal Property of Others.

Your Business Personal Property does not include "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except as provided under Sections **A.1.d.** "Electronic Data Processing Equipment" and **A.1.e.** "Electronic Data Processing Data and Media".

c. Personal Property of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described In the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

Personal Property of Others does not include "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except as provided under Sections **A.1.d.** "Electronic Data Processing Equipment" and **A.1.e.** "Electronic Data Processing Data and Media".

d. "Electronic Data Processing Equipment" that you own or lease, or that is in your care, custody or control, while located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

e. "Electronic Data Processing Data and Media" that you own or lease, or that is in your care, custody or control, while located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

2. Property Not Covered

Unless the following property is added by endorsement to this Coverage Form, Covered Property does not include:

a. Accounts, bills, currency, other evidences of debt, money, notes, checks, drafts, securities or food stamps except as provided in the Accounts Receivable Coverage Extension. Lottery tickets held for sale are not securities;

b. Live animals, birds or fish, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Contraband, or property in the course of illegal transportation or trade;

e. The cost of excavations, grading, back filling or filling;

f. Foundations of buildings, structures, machinery or boilers if their foundations are below:

(1) The lowest basement floor; or

(2) The surface of the ground, if there is no basement;

g. Water or land whether in its natural state or otherwise (including land on which the property is located), land improvements, growing crops, standing timber;

h. Aircraft or watercraft (other than watercraft owned by you while out of water at the described premises); and personal property while airborne or waterborne except as provided in the Covered Property In Transit Coverage Extension;

i. Bulkheads, pilings, piers, wharves, docks, dikes or dams;

j. Property that is covered under another Coverage Form of this or any other policy in which it is more specifically described, except for the excess over the amount due (whether you can collect on it or not) from that other insurance;

k. Underground pipes, flues, drains, tanks, tunnels all whether or not connected to buildings; mines or mining property;

l. The cost to research, replace or restore the information on "Valuable Papers and Records", except as provided in the Valuable Papers and Records – Cost of Research Coverage Extension;

m. Vehicles or self-propelled machines that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises;

but this paragraph does not apply to:

(a) Vehicles or self-propelled machines, other than automobiles, you manufacture, process, warehouse or hold for sale;

(b) Automobiles you manufacture, process or warehouse; or

(c) Trailers or Semi-Trailers, except as provided in (a) above or as provided for in the Coverage Extension for Non-Owned Detached Trailers;

n. The following property while outside of buildings:

(1) Harvested grain, hay, straw or other crops; or

(2) The following Outdoor Property, except as provided in the Outdoor Property Coverage Extension:

(a) Bridges, walks, roadways, patios or other paved surfaces;

(b) Retaining walls that are not part of the buildings described in the Declarations;

(c) Fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), or lawns (including fairways, greens and tees); or

(d) Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers;

o. The cost of restoring land or water;

p. Any "Electronic Data Processing Data and Media" which is obsolete or no longer used by you;

q. Outside signs, except as provided in the Outside Signs Coverage Extension; or

r. Additions under construction except as provided in the Newly Acquired or Constructed Property Coverage Extension.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

Each of these Additional Coverages is additional insurance unless otherwise indicated.

Unless otherwise indicated in the Declarations or by endorsement, the following Additional Coverages apply:

a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property, other than outdoor property as included in the Outdoor Property Coverage Extension, caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

This Additional Coverage does not apply to:

(a) Costs to extract "pollutants" from land or water; or

(b) Costs to remove, restore or replace polluted land or water.

(2) Except as provided in (3) below, payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this Coverage Part applicable to that loss or damage.

(3) When the debris removal expense exceeds the 25% limitation in (2) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay an additional amount for debris removal expense up to $25,000, for each of your premises, in any one occurrence.

b. Pollutant Cleanup and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss which occurs:

(1) On the described premises;

(2) To Covered Property; and

(3) During the policy period.

The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is $25,000 for the sum of all covered expenses arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy.

c. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:

(1) The necessary and reasonable expenses actually incurred by you to remove the Covered Property from the described premises, temporarily store the Covered Property at another location and to move the Covered Property back to the described premises; and

(2) Any direct physical loss or damage to Covered Property while it is being moved from a described premises, while temporarily stored at another location or while being moved back to the described premises.

However, this Additional Coverage will only apply if the loss or damage occurs within 90 days after the Covered Property is first moved and will cease when the policy is amended to provide insurance at the new location, the Covered Property is returned to the existing location or this policy expires, whichever occurs first.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $5,000 in any one occurrence for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

e. Reward Coverage

We will reimburse you for rewards you have incurred for information leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who has damaged or stolen any of your Covered Property.

We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of undamaged stolen Covered Property) up to a maximum of $5,000 in any one occurrence for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Additional Coverage.

f. Increased Cost of Construction or Repair

(1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

(2) In the event of damage by a Covered Cause of Loss to buildings that are Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **f.(3)** through **f.(8)** of this Additional Coverage.

(3) The ordinance or law referred to in **f.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

(a) You were required to comply with before the loss, even when the building was undamaged; and

(b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(6) The most we will pay under this Additional Coverage at each of your described premises is $10,000 in any one occurrence.

(7) With respect to this Additional Coverage:

(a) We will not pay the Increased Cost of Construction or Repair:

(i) Until the property is actually repaired or replaced, at the same or another premises; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction or Repair, subject to the provisions of **f.(6)** of this Additional Coverage, is the increased cost of construction or repair at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction or Repair, subject to the provisions of **f.(6)** of this Additional Coverage, is the increased cost of construction or repair at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

g. Fire Protective Equipment Discharge

If fire protective equipment discharges accidentally or to control a Covered Cause of Loss we will pay your cost to:

(1) Refill or recharge the system with the extinguishing agents that were discharged; and

(2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this Additional Coverage is $5,000 in any one occurrence.

5. Coverage Extensions

Each of these Coverage Extensions is additional insurance unless otherwise indicated.

Unless otherwise indicated in the Declarations or by endorsement, the following Coverage Extensions apply:

a. Newly Acquired or Constructed Property

We will pay for direct physical loss or damage by a Covered Cause of Loss to:

(1) Buildings:

(a) Your new buildings or additions to existing buildings insured under this Coverage Part while being built on the described premises or newly acquired premises including materials, equipment, supplies and temporary structures, on or within 1,000 feet of the premises; and

(b) Buildings you acquire at the described premises or at locations other than the described premises.

The most we will pay for loss or damage to this building property in any one occurrence is $500,000 at each building.

(2) Your Business Personal Property, Personal Property of Others, Elec-

tronic Data Processing Equipment, and Electronic Data Processing Data and Media:

(a) If a Limit of Insurance is shown in the Declarations for Your Business Personal Property, Personal Property of Others, "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media", you may extend that insurance to apply to that type of property at:

(i) A building you newly acquire at a location described in the Declarations; or

(ii) At any other location you acquire by purchase or lease (other than at fairs, trade shows or exhibitions).

The most we will pay for loss or damage to all types of property described above in any one occurrence is $250,000 in total at each location.

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

(a) This policy expires;

(b) 90 days expire after you acquire or begin to construct the property;

(c) You report values to us; or

(d) The property is more specifically insured.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to the following types of property only while on the described premises:

(1) Personal effects or "Fine Arts" owned by you, your officers, your partners, your managers or your employees.

(2) Personal property (other than personal effects, "Fine Arts", "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media") owned by;

(a) Your employees, for not more than $2,500 for any one employee; or

(b) Others, and in your care, custody or control.

The most we will pay for loss or damage under this Extension in any one occurrence is $10,000 at each described premises. The direct physical loss or damage must be caused by a Covered Cause of Loss. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records – Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged "Valuable Papers and Records" for which duplicates do not exist.

The most we will pay under this Extension in any one occurrence is $10,000 at each described premises. The direct physical loss or damage must be caused by a Covered Cause of Loss.

d. Property Off-Premises

(1) You may extend the insurance that applies to your Covered Property and Covered Personal Property of Others to apply to direct physical loss or damage by a Covered Cause of Loss to such property while temporarily away from the described premises:

(a) At any fair, trade show or "exhibition" within the Coverage Territory at a premises you do not own, lease or regularly operate;

(b) At installation premises or temporary storage premises while awaiting installation within the Coverage Territory that you do not own, lease or regularly operate. This coverage applies only to such property that will or has become a permanent part of an installation project being performed for others by you or on

your behalf. This coverage will end when any of the following first occurs:

(i) Your interest in the property ceases;

(ii) The installation is accepted;

(iii) The installation is abandoned;

(iv) The property is more specifically insured; or

(v) This policy is cancelled or expires, whichever occurs first; or

(c) At any other premises within the Coverage Territory that you do not own, lease or regularly operate.

(2) This Extension does not apply to:

(a) Property in due course of transit;

(b) Property to which the Temporary Relocation of Property or the Duplicate Electronic Data Processing Data and Media Coverage Extensions apply; or

(c) Property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers.

(3) The most we will pay for loss or damage in any one occurrence under this Extension is $25,000, but we will not pay more than $10,000 at any installation premises or temporary storage premises while awaiting installation.

e. Temporary Relocation of Property

If Personal Property for which a Limit of Insurance is shown in the Declarations is removed from the described premises and stored temporarily at another location you own, lease or operate while the described premises is being renovated or remodeled, we will pay for direct physical loss or damage to that stored property:

(1) Caused by or resulting from a Covered Cause of Loss;

(2) Up to $50,000 in any one occurrence; and

(3) During the storage period of up to 90 consecutive days, but not beyond the expiration date of this policy.

This Extension does not apply if the stored property is more specifically insured.

f. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor property described below on the described premises, as follows:

(1) Fences, retaining walls that are not part of a building, lawns (including fairways, greens, and tees), trees, shrubs and plants, (other than "stock" of trees, shrubs, or plants), bridges, walks, roadways, patios, or other paved surfaces for loss or damage by the following causes of loss, if they are a Covered Cause of Loss:

(a) Fire;

(b) Lightning;

(c) Explosion;

(d) Riot or Civil Commotion;

(e) Aircraft;

(f) Falling Objects;

(g) Sinkhole Collapse; or

(h) Volcanic Action.

(2) Radio and television antennas (including microwave or satellite dishes) for loss or damage by the following causes of loss, if they are a Covered Cause of Loss:

(a) A cause of loss listed in **(1)(a)** through **(1)(h)** above;

(b) Windstorm or hail;

(c) Vehicles; or

(d) Vandalism.

The most we will pay under this Extension in any one occurrence is $10,000, but we will not pay more than $500 for any one tree, shrub or plant nor more than $2,500 for any one antenna.

We will also pay your necessary and reasonable expense that you incur to remove debris of Outdoor Property shown under **f.(1)** and **f.(2)** above at your described premises caused by or resulting

from a Covered Cause of Loss listed above that occurs during the policy period. Such expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limits of Insurance that apply to this Extension.

g. Claim Data Expense

You may extend the insurance provided by this Coverage Form to apply to the expense you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The most we will pay for preparation of claim data under this Extension in any one occurrence is $2,500. We will not pay for:

(1) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(2) Any costs as provided in the Loss Condition – Appraisal; or

(3) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

h. Extra Expense (Including Expediting Expenses)

In the event of covered loss or damage, you may extend the insurance provided by this Coverage Form to apply to:

(1) The necessary and reasonable extra expense you incur to continue as nearly as possible your normal business operation; and

(2) The necessary and reasonable additional expenses you incur to make temporary repairs, or expedite permanent replacement at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.

The most we will pay in total in any one occurrence under this Extension is $2,500.

i. Accounts Receivable

You may extend the insurance that applies to Your Business Personal Property to apply to the following loss and expenses resulting from direct physical loss or damage by a Covered Cause of Loss to your accounts receivable records (including those on electronic data processing media). Credit card company charge media will be considered accounts receivable until delivered to the credit card company.

(1) We will pay:

(a) All amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts; and

(c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage.

(2) The most we will pay in any one occurrence under this Extension is $10,000 for all loss and expense at each described premises.

j. Non-Owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by a Covered Cause of Loss to trailers or semi-trailers that you do not own, provided that:

(a) The trailer or semi-trailer is used in your business;

(b) The trailer or semi-trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer or semi-trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer or semi-trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or mo-

torized conveyance is in motion; or

(b) During hitching or unhitching operations, or when a trailer or semi-trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage in any one occurrence under this Extension is $5,000.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

k. Outside Signs

You may extend the insurance that applies to Building or Your Business Personal Property to apply to direct physical loss or damage by a Covered Cause of Loss to outside signs, whether or not attached to buildings, on or within 1,000 feet of the described premises.

The most we will pay for loss or damage in any one occurrence under this Extension is $2,500.

l. Covered Property In Transit

(1) You may extend the insurance that applies to Covered Property to apply to direct physical loss or damage by a Covered Cause of Loss to such property while in due course of transit at your risk within the Coverage Territory.

(2) When the Causes of Loss – Special Form is applicable, the Earth Movement exclusion and the Water exclusion do not apply to this Extension.

(3) The exclusion of personal property while airborne or waterborne under Section **A.2.** Property Not Covered, does not apply to this Extension, but the insurance provided under this Extension for property while waterborne is limited as provided in paragraph **(4) (c)** below.

(4) This Extension does not apply to:

(a) Property within 1000 feet of the described premises;

(b) Property shipped by mail;

(c) Property while waterborne, except in regular ferry operations in the course of being moved by other means of transportation, and then to include General Average and Salvage Charges for which you become liable;

(d) Export shipments once:

(i) The shipment is loaded on board the export conveyance; or

(ii) Coverage under an Ocean Marine or other insurance policy covering the shipment begins;

whichever is earlier;

(e) Import shipments prior to:

(i) The shipment being unloaded from the import conveyance; or

(ii) Coverage under an Ocean Marine or other insurance policy covering the shipment ends;

whichever is later;

(f) Property of others for which you are responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, freight broker or public warehouseman;

(g) Property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers; or

(h) Tools, equipment, supplies and materials all used for service or repair in your business which are kept in a motor vehicle. However, this does not apply to property in the care, custody or control of your sales representatives.

(5) The following additional exclusion applies to this Extension when the Causes of Loss – Special Form applies to this Coverage Form:

We will not pay for loss or damage by theft from a conveyance or container while unattended unless the portion of the conveyance or con-

tainer containing the Covered Property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence.

(6) The most we will pay for loss or damage in any one occurrence under this Extension is $10,000.

m. Duplicate Electronic Data Processing Data and Media

(1) You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage by a Covered Cause of Loss to duplicates of your "Electronic Data Processing Data and Media" while stored in a separate, unattached building from where your original "Electronic Data Processing Data and Media" are kept.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $10,000.

n. Electronic Data Processing Equipment and Data and Media – Limited

This Extension only applies when a Limit of Insurance is not stated in the Declarations for "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media".

(1) If a Limit of Insurance is shown in the Declarations for Your Business Personal Property, you may extend that insurance to apply to direct physical loss or damage by a Covered Cause of Loss to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

(2) The most we will pay for loss or damage in any one occurrence under this Extension is $10,000.

o. Theft Damage to Rented Property

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage by theft or attempted theft to that part of any non-owned building at the described premises you occupy and which contains the Covered Property, and to property within the non-owned building used for maintenance or service of the non-owned building.

This Extension applies only if you are a tenant and are required in your lease to cover this exposure.

We shall not be liable under this Extension for damage by fire or explosion, or to glass (other than glass building blocks) or to any lettering, ornamentation or burglar alarm tape on glass.

Payment under this Extension will not increase the Limit of Insurance that applies to Your Business Personal Property at the premises where the direct physical loss or damage occurs.

The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS AND LIMITATIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, this Coverage Form or any endorsements applicable to this Coverage Form.

D. DEDUCTIBLE

Unless otherwise indicated, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance Additional Condition.

If more than one deductible applies to loss or damage in any one occurrence, we will apply each deductible separately. But the total of all deductible amounts applied in any one occurrence will not exceed the largest applicable deductible.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage

a. You must see that the following are done in the event of loss or damage:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordi-

nance or law regulating the construction, use or repair of any property, except as provided under the Increased Cost of Construction or Repair Additional Coverage.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable deductibles must be satisfied before any partial payments are made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property.

a. We will pay:

(1) Recovery expense; and

(2) Costs to repair the recovered property;

b. But the amount we pay will not exceed:

(1) The total of **a.(1)** and **a.(2)** above;

(2) The value of the recovered property; or

(3) The Limit of Insurance;

whichever is less.

6. Valuation

We will determine the value of Covered Property in the event of covered loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b., c., d., e., f., g., h., i., j., k., l.,** and **m.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property except as provided under the Increased Cost of Construction or Repair Additional Coverage.

However, the following property will be valued at the actual cash value even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

(2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(b) Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(3) Nothing if others pay for repairs or replacement.

f. "Valuable Papers and Records" at the cost of:

(1) Blank materials for reproducing the papers and records; and

(2) Labor to transcribe or copy the papers and records when there is a duplicate, but only if the papers and records are actually transcribed or copied.

g. "Fine Arts" at the least of:

(1) Market value at the time and place of loss;

(2) The cost of reasonably restoring that property; or

(3) The cost of replacing that property with substantially the same property.

h. Personal Property of Others at the amount you are liable not to exceed Actual Cash Value.

i. The value of Accounts Receivable will be determined as follows:

(1) If you cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, we will:

(a) Determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs; and

(b) Adjust that total for any normal fluctuations in the amount of Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

(2) If you can accurately establish the amount of Accounts Receivable outstanding, that amount will be used in the determination of loss.

(3) The following will be deducted from the total amount of Accounts Receivable, however that amount is established:

(a) The amount of the accounts for which there is no loss;

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

j. Stock in process at the cost of raw materials, and labor, plus the proper proportion of overhead charges.

k. "Electronic Data Processing Equipment" at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence and depletion. However, in the event replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

"Electronic Data Processing Equipment" that is obsolete or no longer used by you will be valued at actual cash value.

l. "Electronic Data Processing Data and Media" for which duplicates do not exist will be valued as follows:

(1) The cost of blank media; and

(2) Your cost to research, replace or restore the lost electronic data on lost, damaged or destroyed "Electronic Data Processing Data and Media", but only if the lost electronic data is actually replaced or restored.

m. Duplicate "Electronic Data Processing Data and Media" at the cost of:

(1) Blank media; and

(2) Labor to copy the electronic data, but only if the electronic data is actually copied.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

This Additional Condition does not apply to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" when a specific Limit of Insurance is shown for that coverage in the Declarations.

If a Coinsurance percentage is shown in the Declarations, the following condition applies when the loss or damage in any one occurrence is $5,000 or more.

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

(1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

(2) Divide the Limit of Insurance of the property by the figure determined in step (1);

(3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and

(4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:	The value of the property is:	$250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	$120,000
	The Deductible is:	$500
	The amount of loss is:	$40,000

Step (1): $250,000 x 80% = $200,000

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $120,000/$200,000 = .60

Step (3): $40,000 x .60 = $24,000

Step (4): $24,000 - $500 = $23,500

We will pay no more than $23,500. The remaining $16,500 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is:	$250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	$200,000
The Deductible is:	$500
The amount of loss is:	$40,000

The minimum amount of insurance to meet your Coinsurance requirement is $200,000 ($250,000 x 80%).Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than $39,500 ($40,000 amount of loss minus the deductible of $500).

b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3: (Underinsurance)

When:

The value of the property is:

Bldg. at Location No. 1:	$75,000
Bldg. at Location No. 2:	$100,000
Personal Property at Location No. 2	$75,000
Total Value:	$250,000
The Coinsurance percentage for it is:	90%

The Limit of Insurance for Buildings and Personal Property at Locations No. 1 and 2 is:	$180,000
The Deductible is:	$1,000
The amount of loss is: Bldg. at Location No. 2:	$30,000
Personal Property at Location No. 2:	$20,000
Total amount of loss	$50,000
Step (1): $250,000 x 90% =	$225,000
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)	
Step (2): $180,000/$225,00	.80
Step (3): $50,000 x .80 =	$40,000
Step (4): $40,000 – $1,000 =	$39,000

We will pay no more than $39,000. The remaining $11,000 is not covered.

2. Mortgageholders

a. The term, mortgageholder, includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so; and

(2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies.

b. The terms of this Optional Coverage apply only to loss or damage that occurs on or after the effective date of this Optional Coverage.

2. Inflation Guard

a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

(1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change

amending the Limit of Insurance, times

(2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

(3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is:	$100,000
The annual percentage increase is:	8%

The number of days since the beginning of the policy year (or last policy change) is: 146

The amount of increase is:

$100,000 X .08 X 146/365 = $3,200

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces the term Actual Cash Value in provisions **a.**, **e.** and **h.** of the Loss Condition, Valuation, in Section **E.6.** of this Coverage Form.

b. If you decide to repair or rebuild buildings which have sustained loss or damage, our payment will include any necessary and reasonable architectural, engineering, consulting or supervisory fees incurred in the repair or rebuilding. This will not increase the applicable Limits of Insurance.

c. This Optional Coverage does not apply to:

(1) Obsolete property, or property no longer used by you;

(2) Residential personal property or personal effects;

(3) Awnings or floor coverings;

(4) Outdoor equipment or furniture;

(5) "Stock", unless the Including "Stock" option is shown in the Declarations; or

(6) "Vacant" buildings.

d. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides, if you notify us of your intent to do so within 180 days after the loss or damage.

e. We will not pay on a replacement cost basis for any loss or damage:

(1) Until the lost or damaged property is actually repaired or replaced; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

This restriction does not apply to losses less than $5,000 in any one occurrence, other than losses to tenants' improvements and betterments.

With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in **e.(1)** and **e.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Actual Cash Value Valuation Condition of this Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

f. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)**, or **(3)**, subject to **g.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace, on the same premises, the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **f.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

g. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property except as provided under the Increased Cost of Construction or Repair Additional Coverage.

h. We will determine the value of patterns, dies, molds, and forms not in current usage at Actual Cash Value. If the loss is paid on an Actual Cash Value basis, and within 24 months from the date of the loss you need to repair or replace one or more of them, we will pay you, subject to the conditions of this insurance, the difference between Actual Cash Value and Replacement Cost for those patterns, molds and dies which are actually repaired or replaced.

i. "Electronic Data Processing Equipment" at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence and depletion. However, in the event replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

"Electronic Data Processing Equipment" that is obsolete or no longer used by you will be valued at actual cash value.

j. "Electronic Data Processing Data and Media" for which duplicates do not exist will be valued as follows:

(1) The cost of blank media; and

(2) Your cost to research, replace or restore the lost electronic data on lost, damaged or destroyed "Electronic Data Processing Data and Media", but only if the lost electronic data is actually replaced or restored.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, including supplies used in their packing or shipping.
3. "Exhibition" means the temporary display of personal property at a convention, exposition, trade show or similar event at a location you do not own, lease or regularly occupy.
4. "Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property of rarity, historical value, or artistic merit.
5. "Electronic Data Processing Data and Media" means:
   a. Data stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on electronic data processing, recording or storage media such as hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;
   b. The electronic media on which the data is stored; and
   c. Programming records and instructions used for "Electronic Data Processing Equipment".
6. "Electronic Data Processing Equipment" means any of the following equipment used in your data processing operations:
   a. Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and
   b. Any component parts and peripherals of such equipment, including related surge protection devices.

"Electronic Data Processing Equipment" does not include equipment used to operate production type machinery or equipment.

7. "Vacant." See applicable Causes of Loss form as shown in the Declarations.

8. "Valuable Papers and Records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages. But "Valuable Papers and Records" does not include money, securities or "Electronic Data Processing Data and Media".

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION G – DEFINITIONS.**

A. COVERAGE

1. Business Income

a. Business Income means the:

(1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(2) Continuing normal operating expenses incurred, including payroll.

b. Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income including "Rental Value".

(2) Business Income excluding "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(2)** above is selected, the term Business Income excludes "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

c. We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to property in the open or property in a vehicle, the described premises includes the area within 1,000 feet of the building at which the described premises is located.

d. With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

(1) The portion of the building which you rent, lease or occupy; and

(2) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Additional Coverages

Unless otherwise stated, payments made under these Additional Coverages will not increase the applicable Limits of Insurance.

Unless otherwise indicated in the Declarations or by endorsement, the following Additional Coverages apply:

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred.

The Coinsurance condition does not apply specifically to such Expenses to Re-

duce Loss, but it is used as described above to determine the total amount payable.

b. Civil Authority

We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises. The civil authority action must be due to direct physical loss or damage by a Covered Cause of Loss to property at locations, other than the described premises, that are within 100 miles of the described premises.

Unless a different time period and/or coverage period is indicated in the Declarations, the coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

c. Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this Coverage Part, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) Unless otherwise stated in the Declarations or by endorsement, 30 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from a Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this Coverage Part, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy with reasonable speed, to the level

which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) Unless otherwise stated in the Declarations or by endorsement, 30 consecutive days after the date determined in **(2)(a)** above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of a Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from a Covered Cause of Loss.

e. Interruption of Computer Operations

We will pay for the actual loss of Business Income you sustain due to the "suspension" of your "operations" during the "period of restoration" and Extended Business Income caused by direct physical loss or damage to "Electronic Data Processing Data and Media" at the described premises by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is $25,000 for the sum of all covered interruptions arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. The amount payable under this Additional Coverage is in addition to the Limit of Insurance.

f. Delayed Net Income Loss

We will pay for the actual loss of Net Income (Net Profit or Loss before income taxes) you sustain due to the "suspension" of your "operations" resulting in a loss in the value of production which occurs beyond the "period of restoration" and Extended Business Income. We will only pay under this Additional Coverage if:

(1) The Delayed Net Income Loss is caused by direct physical loss or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations;

(2) The loss or damage is caused by a Covered Cause of Loss;

(3) You incur the Delayed Net Income Loss within 24 months of the date of the direct physical loss or damage to the property; and

(4) You notify us in writing of such Delayed Net Income Loss within 24 months of the direct physical loss or damage to the property.

3. Coverage Extensions

Each of these Coverage Extensions is additional insurance. Unless otherwise indicated in the Declarations or by endorsement, the following Coverage Extensions apply:

a. Newly Acquired Locations

(1) You may extend your Business Income coverage to apply to property (including property under construction) at any location you newly acquire by purchase or lease (other than fairs, trade shows or exhibitions).

(2) The most we will pay under this Extension for loss incurred at each newly acquired location is:

(a) $250,000 in any one occurrence; or

(b) If a fraction is shown in the Declarations for Monthly Period of Indemnity, the most we will pay for loss in each period of 30 consecutive days is the fraction shown in the Declarations times $250,000; or

(c) If Maximum Period of Indemnity is shown in the Declarations, the most we will pay is the amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration", or $250,000, whichever is less.

(3) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(a) This policy expires;

(b) 90 days expire after you acquire or begin to construct the property;

(c) You report the location to us; or

(d) Coverage for Business Income at the location is more specifically insured.

We will charge you additional premium for values reported from the date you acquire the location.

b. Claim Data Expense

You may extend the insurance provided by this Coverage Form to apply to the expense you incur in preparing claim data when we require it. This includes the cost of preparing income statements and other documentation to show the extent of Business Income loss. The most we will pay for preparation of claim data under this Extension in any one occurrence is $2,500. We will not pay for:

(1) Any expenses incurred, directed or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(2) Any costs as provided in the Loss Condition – Appraisal; or

(3) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Additional Condition, Coinsurance, does not apply to these Extensions.

B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS

1. See applicable Causes of Loss Form as shown in the Declarations.

2. **Additional Limitation – Interruption of Computer Operations**

Coverage for Business Income does not apply to any loss or increase in loss caused by direct physical loss or damage to "Electronic Data Processing Data and Media", except as provided under the Additional Coverage - Interruption of Computer Operations.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations, this Coverage Form or any endorsements applicable to this Coverage Form.

D. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. **Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. **Duties in the Event of Loss**

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This

will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation and settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage occurred, but not including any likely increase in Net Income attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, to the extent insured, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption of Operations

We will reduce the amount of your Business Income loss, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

a. You have complied with all of the terms of this Coverage Part; and

b. We have reached agreement with you on the amount of loss or an appraisal award has been made.

At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable deductibles must be satisfied before any partial payments are made.

E. ADDITIONAL CONDITION

Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

a. The Coinsurance percentage shown for Business Income in the Declarations; times

b. The sum of:

(1) The Net Income (Net Profit or Loss before income taxes), and

(2) All operating expenses (including payroll expenses),

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

2. Divide the Limit of Insurance for the described premises by the figure determined in step **1;** and

3. Multiply the total amount of loss by the figure determined in step **2.**

We will pay the amount determined in step **3.** or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight - outgoing;

2. Returns and allowances;

3. Discounts;

4. Bad debts;

5. Collection expenses;

6. Cost of raw stock and factory supplies consumed (including transportation charges);

7. Cost of merchandise sold (including transportation charges);

8. Cost of other supplies consumed (including transportation charges);

9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;

10. Power, heat and refrigeration expenses that do not continue under contract (if form CP 15 11 is attached);

11. The amount of payroll expense excluded (when ordinary payroll is excluded or limited as stated in the Declarations); and

12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been:	$400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	$150,000
The amount of loss is:	$80,000

Step 1: $400,000 X 50% = $200,000 (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $150,000/$200,000 = .75

Step 3: $ 80,000 X .75 = $60,000

We will pay no more than $60,000. The remaining $20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been:	$400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	$200,000
The amount of loss is:	$80,000

The minimum amount of insurance to meet your Coinsurance requirement is $200,000 ($400,000 X 50%). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than $80,000 (amount of loss).

F. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. **Maximum Period of Indemnity**
   a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
   b. The most we will pay for loss of Business Income, including Extended Business Income and Delayed Net Income Loss Additional Coverages, is the lesser of:
      (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
      (2) The Limit of Insurance shown in the Declarations.
2. **Monthly Limit of Indemnity**
   a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
   b. The most we will pay for loss of Business Income including Extended Business Income and Delayed Net Income Loss Additional Coverages in each period of 30 consecutive days after the beginning of the "period of restoration" is:
      (1) The Limit of Insurance, multiplied by
      (2) The fraction shown in the Declarations for this Optional Coverage.

   Example:

   When: The Limit of Insurance is: $120,000
   The fraction shown in the Declarations for this Optional Coverage is: 1/4

   The most we will pay for loss in each period of 30 consecutive days is: $120,000 X 1/4 = $30,000

   If, in this example, the actual amount of loss is:

Days 1-30	$40,000
Days 31-60	$20,000
Days 61-90	$30,000
	$90,000

   We will pay:

Days 1-30	$30,000
Days 31-60	$20,000
Days 61-90	$30,000
	$80,000

   The remaining $10,000 is not covered.
3. **Business Income Agreed Value**
   a. To activate this Optional Coverage:
      (1) A signed Business Income Worksheet must be submitted to and accepted by us. The Worksheet must show financial data for your "operations":
         (a) For the most recent 12 months prior to the date of the Worksheet; and
         (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
      (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown on the Business Income Worksheet on file with us. The Agreed Value should be at least equal to:
         (a) The Coinsurance percentage shown in the Declarations; multiplied by
         (b) The amount of Net Income and operating expenses for the following 12 months you state on the Worksheet.
   b. The Additional Condition, Coinsurance, is suspended until:
      (1) 12 months after the effective date of this Optional Coverage; or
      (2) The expiration date of this policy;

      whichever occurs first.
   c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Worksheet and Agreed Value:
      (1) Within 12 months of the effective date of this Optional Coverage; or
      (2) When you request a change in your Business Income Limit of Insurance.
4. **Ordinary Payroll Limitation or Exclusion**
   a. To activate this Optional Coverage indicate the following in the Declarations:

(1) Ordinary payroll is excluded; or

(2) Ordinary payroll is limited to a specified number of days. The number of days may be used in two separate periods during the "period of restoration".

b. When ordinary payroll is excluded or limited:

(1) In determining the operating expenses for the policy year for Coinsurance purposes, payroll expenses will not include ordinary payroll except for ordinary payroll incurred during the number of days shown in the Declarations. If the ordinary payroll for the policy year varies during the year, the period of greatest ordinary payroll will be used.

(2) Ordinary payroll means payroll expenses for all your employees except:

(a) Officers;

(b) Executives;

(c) Department managers;

(d) Employees under contract; and

(e) Additional Exemptions, shown in the Declarations or by endorsement as:

(i) Job Classifications; or

(ii) Employees specifically listed by name.

(3) Ordinary payroll includes:

(a) Payroll;

(b) Employee benefits, if directly related to payroll;

(c) FICA and Medicare payments;

(d) Union dues; and

(e) Worker's compensation premiums.

G. DEFINITIONS

1. "Electronic Data Processing Data and Media" means:

a. Data stored as or on, created or used on, or transmitted to or from computer software (including systems and application software) on electronic data processing, recording or storage media such as hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;

b. The electronic media on which the data is stored; and

c. Programming records and instructions used for "Electronic Data Processing Equipment".

2. "Electronic Data Processing Equipment" means any of the following equipment used in your data processing operations:

a. Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and

b. Any component parts and peripherals of such equipment, including related surge protection devices.

"Electronic Data Processing Equipment" does not include equipment used to operate production type machinery or equipment.

3. "Finished Stock" means stock you have manufactured.

"Finished Stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished Stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

4. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

5. "Period of Restoration" means the period of time after direct physical loss or damage caused by or resulting from a Covered Cause of Loss at the described premises which:

a. Begins:

(1) Unless a different time period is indicated in the Declarations, 72 hours after the time of direct physical loss or damage; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

8. "Suspension" means:

a. The partial or complete cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION E – DEFINITIONS.**

A. COVERAGE

We will pay the actual reasonable and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to property in the open or property in a vehicle, the described premises includes the area within 1,000 feet of the building at which the described premises is located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

(i) The portion of the building which you rent, lease or occupy; and

(ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means reasonable and necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property.

We will pay Extra Expense (other than the expense to repair or replace property) to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location; or

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense (including Expediting Expense) to repair or replace the property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Additional Coverages

Unless otherwise stated, payments made under these Additional Coverages will not increase the applicable Limits of Insurance.

Unless otherwise indicated in the Declarations or by endorsement, the following Additional Coverages apply:

a. Alterations and New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

We will pay for the actual reasonable and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises. The civil authority action must be due to direct physical loss or damage by a Covered Cause of Loss to property at locations, other than the described

premises, that are within 100 miles of the described premises.

Unless a different coverage period is indicated in the Declarations, this coverage will apply for a period of up to three consecutive weeks from the date of that action.

c. Interruption of Computer Operations

We will pay for the reasonable and necessary Extra Expense you incur during the "period of restoration" caused by direct physical loss or damage to "Electronic Data Processing Data and Media" at the described premises by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is $25,000 for the sum of all covered interruptions arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. The amount payable under this Additional Coverage is in addition to the Limit of Insurance.

3. Coverage Extensions

Each of these Coverage Extensions is additional insurance. Unless otherwise indicated in the Declarations or by endorsement, the following Coverage Extensions apply:

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property (including property under construction) at any location you acquire by purchase or lease (other than fairs, trade shows or exhibitions).

(2) The most we will pay for loss under this Extension is $100,000 in any one occurrence at each newly acquired location.

(3) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(a) This policy expires;

(b) 90 days expire after you acquire or begin to construct the property;

(c) You report the location to us; or

(d) Coverage for Extra Expense at the location is more specifically insured.

We will charge you additional premium from the date you acquire the property.

b. Claim Data Expense

You may extend the insurance provided by this Coverage Form to apply to the expense you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals and preparing other documents to show the extent of Extra Expenses. The most we will pay for preparation of claim data under this Extension in any one occurrence is $2,500.

We will not pay for:

(1) Any expenses incurred, directed or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;

(2) Any costs as provided in the Loss Condition – Appraisal; or

(3) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their subsidiaries, without our written consent prior to such expenses being incurred.

B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS

1. See applicable Causes of Loss Form as shown in the Declarations.

2. Additional Limitation – Interruption of Computer Operations

Coverage for Extra Expense does not apply to any loss or increase in loss caused by direct physical loss or damage to "Electronic Data Processing Data and Media", except as provided under the Additional Coverage – Interruption of Computer Operations.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations, this Coverage Form or any endorsements applicable to this Coverage Form.

D. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect Covered Property from further damage, and keep a record of your expenses necessary to protect Covered Property for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

Example:

The Limit of Insurance is:	$100,000
The percentages shown in the Declarations are:	40%-80%-100%
The "period of restoration" is:	45 days
The amount of Extra Expenses incurred is:	$90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31–60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have

been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by any other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense loss otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part; and

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentaion. Any applicable deductibles must be satisfied before any partial payments are made.

E. DEFINITIONS

1. "Operations" means your business activities occurring at the described premises.

2. "Period of Restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality or the date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building material (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

4. "Suspension" means the partial or complete cessation of your business activities.

5. "Electronic Data Processing Data and Media" means:

a. Data stored as or on, created or used on, or transmitted to or from computer software (including systems and application software) on electronic data processing, recording or storage media such as hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;

b. The electronic media on which the data is stored; and

c. Programming records and instructions used for "Electronic Data Processing Equipment".

6. "Electronic Data Processing Equipment" means any of the following equipment used in your data processing operations:

a. Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and

b. Any component parts and peripherals of such equipment, including related surge protection devices.

"Electronic Data Processing Equipment" does not include equipment used to operate production type of machinery or equipment.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to **SECTION F – DEFINITIONS.**

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations;

that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

(1) An ordinance or law that is enforced even if the property has not been damaged; or

(2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface;

all whether naturally occurring or due to man-made or other artificial causes.

But if Earth Movement, as described in **b. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to

prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs away from the described premises.

But if the failure or fluctuation of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to Business Income Coverage or Extra Expense Coverage. Instead, the Special Exclusion in paragraph **B.4.a.(1)** applies to these coverages.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water or sewage that backs up or overflows from a sewer, drain or sump; or

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings;

all whether naturally occurring or due to man-made or other artificial causes.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires. But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

b. Delay, loss of use or loss of market.

c. Smoke, vapor or gas from agricultural smudging or industrial operations.

d. (1) Wear and tear;

(2) Rust, other corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator colli-

sion, we will pay for the loss or damage caused by that elevator collision;

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature;

(c) Marring or scratching;

(d) Changes in flavor, color, texture or finish;

(e) Evaporation or leakage; or

(8) Contamination by other than "pollutants".

But if an excluded cause of loss that is listed in **2.d.(1)** through **(8)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property.

j. Rain, snow, sand, dust, ice or sleet to personal property in the open.

k. Collapse, except as provided below in the Additional Coverage – Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified cause of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

m. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested, repaired, restored, retouched or otherwise being worked upon.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** and **3.b.** results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **B.1.** above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

If an excluded cause of loss that is listed in **3.c.** above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

(1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or

(2) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms and/or coverages when they are part of this policy.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused directly or indirectly by the failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure or fluctuation of power or other utility service results in loss or damage by a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

(2) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(3) Any loss caused by or resulting from direct physical loss of or damage to the following property while outside of buildings:

(a) Harvested grain, hay, straw or other crops;

(b) Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), growing crops, land or water; and

(c) Radio or television antennas, (including microwave or satellite dishes) and their lead-in wiring, masts or towers.

(4) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations" due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage, or any variation of these.

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(6) Any other consequential loss.

b. Leasehold Interest Coverage Form

The following applies to this Coverage Form:

(1) Exclusion **B.1.a.,** Ordinance or Law, does not apply; and

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.** War and Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

d. Electronic Data Processing Equipment; Electronic Data Processing Data and Media; Valuable Papers and Records and Accounts Receivable Coverages

(1) Exclusions:

(a) B. 2. a., which excludes loss caused by or resulting from artificially generated electrical current that disturbs electrical devices, equipment, appliances or wires; and

(b) B. 2.c., which excludes loss caused by or resulting from smoke, vapor, or gas from agricultural smudging or industrial operations;

do not apply to loss or damage to "Electronic Data Processing Equipment", "Electronic Data Processing Data and Media" and "Valuable Papers and Records"; or to loss of Business Income and Extra Expense that is a consequence of such loss or damage.

(2) With respect to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media":

(a) Exclusion B.2.d.(6), which excludes loss caused by or resulting from mechanical breakdown, including rupture or bursting of pipes, does not apply. The remainder of the **B.2.d.** exclusion continues to apply, but if a cause of loss listed in **B.2.d.(1)** through **(5)** and **B.2.d.(7)** results in mechanical breakdown of "Elec-

tronic Data Processing Equipment" or in any of the "specified cause of loss", we will pay for the resulting loss or damage.

(b) The following exclusion is added:

We will not pay for loss or damage to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media"; or loss of Business Income or Extra Expense, that is a consequence of loss or damage to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media"; caused by or resulting from any of the following:

(i) Programming errors, omissions or incorrect instructions to a machine. But if programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the resulting loss or damage;

(ii) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as theft;

(iii) Errors or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including electronic data). But if errors or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including electronic data) results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the resulting loss or damage; or

(iv) Unexplained or indeterminable failure, malfunction or slowdown of a computer system, including electronic data and the inability to access or properly manipulate the electronic data.

(c) The second paragraph of the Utility Services Exclusion, **B.1.e.**, and the Special Exclusion applicable to Business Income or Extra Expense coverage, **B.4.a.(1)**, are deleted and replaced by the following:

But if the failure or fluctuation of power or other utility service results in a Covered Cause of Loss (other than mechanical breakdown of "Electronic Data Processing Equipment" or loss or damage from artificially generated electrical current which disturbs electrical devices, equipment, appliances or wires), we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

(3) With respect to Accounts Receivable coverage, we will not pay for:

(a) Loss caused by or resulting from bookkeeping, accounting or billing errors or omissions;

(b) Loss that requires an audit of records or any inventory computation to prove its factual existence; or

(c) Loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. But this exclusion applies only to the extent of the wrongful giving, taking or withholding.

(4) With respect to "Valuable Papers and Records" coverage, we will not pay for any loss or damage caused by or resulting from:

(a) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as theft; or

(b) Errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the resulting loss or damage caused by that fire or explosion.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

   a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

   b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

   c. The "interior of any building or structure", or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

      (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

      (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

   d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

      However, this limitation does not apply to:

      (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

      (2) Business Income coverage or Extra Expense coverage.

   e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

   f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by a "specified cause of loss" or building glass breakage:

   a. Live animals, birds, or fish and then only if they are killed or their destruction is made necessary.

   b. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

      (1) Glass that is part of a building or structure; or

      (2) Containers of property held for sale.

   c. Builders' machinery, tools, and equipment owned by you or entrusted to you, provided such property is Covered Property. However, this limitation does not apply:

      (1) If the property is located on or within 1,000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

      (2) To Business Income coverage or to Extra Expense coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or

damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $25,000 for patterns, dies, molds and forms.

d. $1,000 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

5. If the building where loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:

a. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(1) Vandalism;

(2) Sprinkler leakage, unless you have protected the system against freezing;

(3) Building glass breakage;

(4) Discharge or leakage of water;

(5) Theft; or

(6) Attempted theft.

b. With respect to Covered Causes of Loss other than those listed in **5.a.(1)** through **5.a.(6)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

D. ADDITIONAL COVERAGE – COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.**, through **D.5.** below.

1. With respect to buildings, collapse means:

a. An abrupt falling down or caving in of a building or any portion of a building with the result that the building or portion of the building cannot be occupied for its intended purpose; or

b. A building or any portion of a building that has not abruptly fallen down or caved in, but is in imminent danger of abruptly falling down or caving in, or has suffered a substantial impairment of structural integrity.

A building that is standing or any portion of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion unless the building is in imminent danger of abruptly falling down or caving in or has suffered a substantial impairment of structural integrity.

2. **a.** We will pay for direct physical loss or damage to Covered Property, caused by the collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the building or any portion of the building is in a state of collapse (as defined in **1.a.** and **b.** above) and the state of collapse is caused by:

(1) A "specified cause of loss" or breakage of building glass;

(2) Weight of people or personal property; or

(3) Weight of rain that collects on a roof; and

b. When a building or any portion of a building has abruptly fallen down or

caved in and can no longer be occupied for its intended purpose, we will also pay for any direct physical loss or damage to Covered Property caused by:

(1) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

(2) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse; or

(3) Use of defective material or methods in construction, remodeling or renovation if the building abruptly falls down or caves in during the course of the construction, remodeling or renovation. However, if the abrupt falling down or caving in of the building occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **D.2.a., D.2.b. (1)** and **D.2.b.(2)** above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the abrupt falling down or caving in.

3. With respect to the following property:

a. Outdoor radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, pilings, wharves, docks, dikes or dams;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in **D. 2.a.(2), D.2.a.(3),** and **D.2.b.(1)** through **D.2.b.(3)** above, we will pay for loss or damage to that property only if:

a. Such loss or damage is a direct result of an abrupt falling down or caving in of a covered building or any portion of a covered building insured under this Coverage Form; and

b. The property listed in **3. a.** through **3. i.** above is Covered Property under this Coverage Part.

4. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse was caused by a Cause of Loss listed in **D. 2. a.** and **D. 2. b.** above;

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **3.** above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **4.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

5. This Additional Coverage - Collapse does not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. Water Damage, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

This Coverage Extension does not increase the Limit of Insurance.

2. Glass

In the event of loss or damage to covered glass under this Coverage Part:

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed; and

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension does not increase the Limit of Insurance.

F. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building material. (Including but not limited to asbestos and lead products or materials containing lead.) Waste includes materials to be recycled, reconditioned or reclaimed.

2. "Specified Cause of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse (as defined below); volcanic action; falling objects (as limited below); weight of snow, ice or sleet; water damage (as defined below), all only as otherwise insured against in this Coverage Part.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The "interior of a building or structure", or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object. Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) that is located on the described premises and contains water or steam.

When the Causes of Loss – Earthquake endorsement, Causes of Loss – Earthquake Sprinkler Leakage endorsement, or Causes of Loss – Broad Form Flood endorsement is included in this policy, "specified cause of loss" also includes such cause of loss, but only to the extent such cause of loss is insured against under this Coverage Part.

3. "Vacant" means:

a. When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

b. When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(2) Used by the building owner to conduct customary operations.

c. Buildings under construction or renovation are not considered vacant.

4. "Interior of any building or structure" means all portions of a building or structure that are within the exterior facing surface material of the building or structure.

POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL PROPERTY
ISSUE DATE: 10-18-06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGUS, ROT, BACTERIA AND OTHER CAUSES OF LOSS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. SCHEDULE

Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage:

Direct Damage – Increased Limit of Insurance $

Business Income/Extra Expense – Increased Number of Days

B. THE CAUSES OF LOSS – BASIC FORM, CAUSES OF LOSS – BROAD FORM AND CAUSES OF LOSS – SPECIAL FORM are revised as follows:

1. The following exclusion is added to Section **B.1.**:

"Fungus", Wet Rot, Dry Rot and Bacteria

a. We will not pay for loss or damage, or any increase in the amount of loss or damage, caused directly or indirectly by or resulting from the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a:

(1) Covered Cause of Loss under the CAUSES OF LOSS – BASIC FORM or CAUSES OF LOSS – BROAD FORM; or

(2) "Specified cause of loss" under the CAUSES OF LOSS – SPECIAL FORM;

we will pay for the loss or damage caused by that "specified cause of loss".

b. This exclusion does not apply:

(1) When "fungus", wet or dry rot or bacteria results from fire or lightning; or

(2) To the extent that coverage is provided in the Additional Coverage - Limited "Fungus", Wet Rot, Dry Rot and Bacteria in Section **B.3.** of this endorsement with respect to loss or damage by a cause of loss other than fire or lightning.

2. The following Additional Coverage is added:

Additional Coverage - Limited "Fungus", Wet Rot, Dry Rot and Bacteria

a. The coverage described in **b.** and **c.** below only applies when the "fungus", wet or dry rot or bacteria is the result of:

(1) A Covered Cause of Loss, other than fire or lightning, that occurs during the policy period when the CAUSES OF LOSS – BASIC FORM or CAUSES OF LOSS – BROAD FORM applies; or

(2) A "specified cause of loss", other than fire or lightning, that occurs during the policy period when the CAUSES OF LOSS – SPECIAL FORM applies;

and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after that occurrence.

b. Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Direct Damage

(1) We will pay for direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including:

(a) The cost of removal of the "fungus", wet or dry rot or bacteria;

(b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

(c) The cost of testing performed after removal, repair, replace-

ment or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

(2) The coverage described in **b.(1)** above is limited to $15,000 unless an Increased Limit of Insurance is indicated in the Schedule of this endorsement for Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Direct Damage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of:

(a) Covered Causes of Loss (other than fire or lightning) under the CAUSES OF LOSS – BASIC FORM or CAUSES OF LOSS – BROAD FORM; or

(b) "Specified causes of loss" (other than fire or lightning) under the CAUSES OF LOSS – SPECIAL FORM;

which take place in a 12 month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of this annual limit even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

(3) The coverage provided under this Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Direct Damage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more for the total of all loss or damage than the applicable Limit of Insurance on the Covered Property.

(4) If there is covered loss or damage to Covered Property that is not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Direct Damage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Direct Damage.

c. Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Business Income and Extra Expense

The following Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage provisions for Business Income and Extra Expense apply only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all of the terms of the applicable Business Income and/or Extra Expense coverage:

(1) If the loss which results in the "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" of "operations" is necessary due to loss or damage to property at the described premises caused by "fungus", wet or dry rot or bacteria, then our payment for Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

(2) If a covered "suspension" of "operations" is caused by loss or damage at the described premises by other than "fungus", wet or dry rot or bacteria, but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay, regardless of when such a delay occurs during the "period of restoration", but such coverage is limited to 30 days. The days need not be consecutive.

When an Increased Number of Days is indicated in the Schedule of this endorsement for Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Business Income and Extra Expense, the "30 days" in paragraphs **c.(1)** and **c.(2)**

above is deleted and replaced by the number of days indicated in the Schedule.

The coverage provided under this Limited "Fungus", Wet Rot, Dry Rot and Bacteria Coverage – Business Income and Extra Expense is included in, and does not increase the applicable Business Income and/or Extra Expense Limit of Insurance.

d. The terms of this Limited Coverage do not increase or reduce the coverage provided in:

(1) The CAUSES OF LOSS – BASIC FORM under paragraph **9.a.(2)** of Covered Causes of Loss **A.9.**, Sprinkler Leakage;

(2) The CAUSES OF LOSS – BROAD FORM under paragraph **9.a.(2)** of Covered Causes of Loss **A.9.**, Sprinkler Leakage, or under Covered Causes of Loss Water Damage, for the cost to tear out and replace parts of the building or structure to repair damage to the system or appliance from which water or steam escapes, or under the Additional Coverage – Collapse; or

(3) The CAUSES OF LOSS – SPECIAL FORM under the Water Damage, Other Liquids, Powder or Molten Material Damage Additional Coverage Extension or under the Additional Coverage – Collapse.

3. The following Definition is added:

"Fungus" means any type or form of fungus, including but not limited to mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

C. ADDITIONAL CHANGE TO THE CAUSES OF LOSS – BROAD FORM

The following is added under paragraph **b.** of the Falling Objects Covered Causes of Loss in Section **A.**:

Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.

D. ADDITIONAL CHANGES TO THE CAUSES OF LOSS – SPECIAL FORM

1. Under exclusion **B.2.d.(2)**, reference to fungus is deleted.

E. ORDINANCE OR LAW COVERAGE CHANGE

Under:

1. Ordinance or Law Coverage endorsement CP 04 05;

2. Ordinance or Law – Increased "Period of Restoration" endorsement CP 15 31; and

3. Any other Ordinance or Law coverage or Ordinance or Law – Increased "Period of Restoration" coverage provided under this Coverage Part;

the following exclusion is added:

This coverage does not apply to:

a. Loss caused by or resulting from the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

b. Costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "fungus", wet or dry rot or bacteria.

POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL PROPERTY
GENERAL PURPOSE ENDORSEMENT

THE MORTGAGEE/LOSS PAYEE, THE NAME AND ADDRESS OF PERSON OR ORGANIZATION IS AMENDED TO READ:

MIDLAND LOAN SERVICES, INC AS MASTER SERVICER FOR WELLS FARGO BANK, NA
TRUSTEE FOR THE REGISTERED HOLDERS OF BANC OF AMERICA COMMERCIAL MORTGAGE
INC, PASS THROUGH CERTIFICATE SERIES 2000-1
LOAN #003077104
C/O BANK OF AMERICA, NA SUB SERVICER BACM SERIES 2000-1
NC1-026-06-01
900 WEST TRADE STREET, SUITE 650
CHARLOTTE, NC 28255

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM RISK INSURANCE ACT OF 2002 DISCLOSURE

This endorsement applies to the insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

On November 26, 2002, the President of the United States signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a program under which the Federal Government will partially reimburse *"Insured Losses"* caused by certain *"Acts of Terrorism"* (each as defined in the Act).

The Federal Government's share of compensation for *Insured Losses* in each year up to and including calendar year 2006 is 90% of the amount of *Insured Losses* in excess of each *Insurer's* statutorily established deductible for that year, subject to the *"Program Trigger"* (as defined in the Act). For calendar year 2007 the Federal Government's share is 85% of the amount of *Insured Losses* in excess of each *Insurer's* deductible, subject to the *Program Trigger*. In no event, however, will the Federal Government or any *Insurer* be required to pay any portion of the amount of aggregate *Insured Losses* occurring in any one year that exceeds $100,000,000,000, provided that such *Insurer* has met its deductible.

The charge for *Insured Losses* under this Coverage Part is included in the Coverage Part premium. The charge that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of losses covered by the Federal Government under the Act:

- 7% of your total Commercial Property Coverage Part premium if your primary location is in a Designated City (as listed below).
- 3% of your total Commercial Property Coverage Part premium if your primary location is not in a Designated City (as listed below).

Designated Cities are:

Albuquerque, NM	El Paso, TX	Miami, FL	San Diego, CA
Atlanta, GA	Fort Worth, TX	Milwaukee, WI	San Antonio, TX
Austin, TX	Fresno, CA	Minneapolis, MN	San Francisco, CA
Baltimore, MD	Honolulu, HI	Nashville-Davidson, TN	San Jose, CA
Boston, MA	Houston, TX	New Orleans, LA	Seattle, WA
Charlotte, NC	Indianapolis, IN	New York, NY	St. Louis, MO
Chicago, IL	Jacksonville, FL	Oakland, CA	Tucson, AZ
Cleveland, OH	Kansas City, MO	Oklahoma City, OK	Tulsa, OK
Colorado Springs, CO	Las Vegas, NV	Omaha, NE	Virginia Beach, VA
Columbus, OH	Long Beach, CA	Philadelphia, PA	Washington, DC
Dallas, TX	Los Angeles, CA	Phoenix, AZ	Wichita, KS
Denver, CO	Memphis, TN	Portland, OR	
Detroit, MI	Mesa, AZ	Sacramento, CA	

GENERAL LIABILITY

GENERAL LIABILITY

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

POLICY NO.: I-660-3905B356-TCT-06
ISSUE DATE: 10-18-06

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

DECLARATIONS PERIOD: From 11-25-06 to 11-25-07 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial General Liability Coverage Part consists of these Declarations and the Coverage Form shown below.

1. **COVERAGE AND LIMITS OF INSURANCE:**

COMMERCIAL GENERAL LIABILITY COVERAGE FORM	LIMITS OF INSURANCE
General Aggregate Limit (Other than Products-Completed Operations)	$ 2,000,000
Products-Completed Operations Aggregate Limit	$ 2,000,000
Personal & Advertising Injury Limit	$ 1,000,000
Each Occurrence Limit	$ 1,000,000
Damage To Premises Rented To You Limit (any one premises)	$ 100,000
Medical Expense Limit (any one person)	$ 5,000

2. **AUDIT PERIOD:** ANNUAL

3. **FORM OF BUSINESS:** CORPORATION

4. **NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.**

COMMERCIAL GENERAL LIABILITY COVERAGE IS SUBJECT TO A GENERAL AGGREGATE LIMIT

PRODUCER: G A PEARSON & ASSOCIATES X0846 OFFICE: ELMIRA NY SRV CTR 700

DECLARATIONS PREMIUM SCHEDULE **POLICY NUMBER:** I-660-3905B356-TCT-06

This Schedule applies to the Declarations for the period of 11-25-06 to 11-25-07

It shows all of your known rating classes as of the effective date. Any exceptions will be so noted. This includes all locations you own, rent or occupy.

OPN NO.	LOC/ BLDG NO.	CLASS DESCRIPT/ CODE NO.	SUBLINE	PREMIUM BASE/ EXPOSURE	RATES	ADVANCE PREMIUM
MINIMUM PREMIUMS						
		PREM/OPS	$207			
		LOB	$250			
	1/ 1	COPYING AND DUPLICATING SERVICES - RETAIL PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT.				
001		11222	PREM/OPS S	2,260,125	.374	845
	1/ 1	ADDITIONAL INTEREST-OTHER				
002		49950	PREM/OPS		FLAT CHG	105
		HIRED AND NONOWNED AUTO EXCESS LIABILITY				
003		39097	PREM/OPS			30
		COVERAGE PART TOTAL				980

*This class is subject to the prem/ops transition program.

☐ If an "X" is entered in this box, these Declarations are completed on the Premium Schedule Extension CG T0 12.

KEY TO DECLARATIONS PREMIUM SCHEDULE

ABBREVIATIONS:

CLASS DESCRIPT – means CLASS DESCRIPTION

LOC/BLDG NO. – means LOCATION/BUILDING NUMBER

OPN NO. – means OPERATION NUMBER

PREM/OPS – means PREMISES/OPERATIONS

PROD/C-OPS – means PRODUCTS/COMPLETED OPERATIONS

PREMIUM BASE:

Key Letter	Premium Base	How Rates Apply
a	Area	per 1,000 square feet
c	Total Cost	per $1,000 of total cost
m	Admissions	per 1,000 admissions
o	Total Operating Expense	per $1,000 of total operating expenditures
p	Payroll	per $1,000 of payroll
s	Gross Sales	per $1,000 of gross sales
t	(see note* below)	(see note* below)
u	Units	per unit

* Premium base t applies for a number of rarely used premium bases. The specific base and how rates apply are shown with the Class Description on the DECLARATIONS-PREMIUM SCHEDULE.

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COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph **1.** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

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e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such

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premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section **III** – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

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Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

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b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding

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to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(1) The accident takes place in the "coverage territory" and during the policy period;

(2) The expenses are incurred and reported to us within one year of the date of the accident; and

(3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage **A**.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment

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interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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2. Each of the following is also an insured:
   a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      (1) "Bodily injury" or "personal and advertising injury":
         (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
         (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
         (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or
         (d) Arising out of his or her providing or failing to provide professional health care services.
      (2) "Property damage" to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

      you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
   b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
   c. Any person or organization having proper temporary custody of your property if you die, but only:
      (1) With respect to liability arising out of the maintenance or use of that property; and
      (2) Until your legal representative has been appointed.
   d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
   a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
   b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage **C**;
   b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage **B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to **2.** above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under Coverage **A**; and
   b. Medical expenses under Coverage **C**

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
   b. If a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the claim or "suit" and the date received; and
      (2) Notify us as soon as practicable.

      You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
      (4) Assist us, upon our request, in the enforcement of any right against any person

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or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

b. Excess Insurance

This insurance is excess over:

(1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contrib-

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ute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. **Premium Audit**
   a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
   b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
   c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.
6. **Representations**
   By accepting this policy, you agree:
   a. The statements in the Declarations are accurate and complete;
   b. Those statements are based upon representations you made to us; and
   c. We have issued this policy in reliance upon your representations.
7. **Separation Of Insureds**
   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:
   a. As if each Named Insured were the only Named Insured; and
   b. Separately to each insured against whom claim is made or "suit" is brought.
8. **Transfer Of Rights Of Recovery Against Others To Us**
   If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.
9. **When We Do Not Renew**
   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.
   If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
   b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or
   c. All other parts of the world if the injury or damage arises out of:
      (1) Goods or products made or sold by you in the territory described in **a.** above;
      (2) The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; or
      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

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provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:
   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
   b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
   b. A sidetrack agreement;
   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
   e. An elevator maintenance agreement;
   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

   Paragraph **f.** does not include that part of any contract or agreement:
   (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
   (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
      (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
      (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
   (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
    a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
    b. While it is in or on an aircraft, watercraft or "auto"; or
    c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

    but "loading or unloading" does not include the movement of property by means of a mechanical

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device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended

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use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

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b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

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POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL GENERAL LIABILITY
GENERAL PURPOSE ENDORSEMENT

THE ADDITIONAL INSURED MORTGAGEE/ ASSIGNEE/SUCCESSOR/RECEIVER-CGD325 NAME AND ADDRESS OF PERSON OR ORGANIZATION IS AMENDED TO READ:

MIDLAND LOAN SERVICES, INC AS MASTER SERVICER FOR WELLS FARGO BANK, NA
TRUSTEE FOR THE REGISTERED HOLDERS OF BANC OF AMERICA COMMERCIAL
MORTGAGE INC, PASS THROUGH CERTIFICATE SERIES 2000-1
LOAN #003077104
C/O BANK OF AMERICA, NA SUB SERVICER BACM SERIES 2000-1
NC1-026-06-01
900 WEST TRADE STREET, SUITE 650
CHARLOTTE, NC 28255

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COVERAGE – POLLUTION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

Paragraph **f.(2) Pollution**, Part **2. Exclusions** of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is deleted and replaced by the following:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

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COMMERCIAL GENERAL LIABILITY

POLICY NUMBER: I-660-3905B356-TCT-06 ISSUE DATE: 10-18-06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE, SUCCESSOR OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

NAME OF PERSON OR ORGANIZATION:

BANK OF AMERICA

DESIGNATION OF PREMISES:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement).

1. WHO IS AN INSURED (Section II) is amended to include as an insured the person(s) or organization(s) shown in the Schedule but only with respect to their liability as mortgagee, assignee, successor or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.
2. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER INSURANCE – ADDITIONAL INSUREDS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

COMMERCIAL GENERAL LIABILITY CONDITIONS (Section **IV**), Paragraph **4.** (**Other Insurance**), is amended as follows:

1. The following is added to Paragraph **a. Primary Insurance:**

   However, if you specifically agree in a written contract or written agreement that the insurance provided to an additional insured under this Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

   a. The "bodily injury" or "property damage" for which coverage is sought occurs; and

   b. The "personal injury" or "advertising injury" for which coverage is sought arises out of an offense committed

   subsequent to the signing and execution of that contract or agreement by you.

2. The first Subparagraph **(2)** of Paragraph **b. Excess Insurance** regarding any other primary insurance available to you is deleted.

3. The following is added to Paragraph **b. Excess Insurance**, as an additional subparagraph under Subparagraph **(1)**:

   That is available to the insured when the insured is added as an additional insured under any other policy, including any umbrella or excess policy.

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COMMERCIAL GENERAL LIABILITY

POLICY NUMBER: I-660-3905B356-TCT-06 ISSUE DATE: 10-18-06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AND NONOWNED AUTO EXCESS LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

COVERAGE	**ADDITIONAL PREMIUM**
Hired and Nonowned Auto Liability	$ 30

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement).

PROVISIONS

A. COVERAGE

If a premium charge is shown in the Schedule, above the insurance provided under **Section I – Coverage A – Bodily Injury And Property Damage Liability** applies to "bodily injury" and "property damage" arising out of the maintenance or use of a "hired auto" or "nonowned auto".

B. EXCLUSIONS

With respect to the insurance provided by this endorsement:

1. The exclusions, under **Section I – Coverage A – Bodily Injury And Property Damage Liability**, other than exclusions **a.**, **b.**, **d.**, **e.**, **f.** and **i.** and the Nuclear Energy Liability Exclusion (Broad Form) are deleted and replaced by the following:
   - **a.** "Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment.
   - **b.** "Property damage" to:
     - **(1)** Property owned or being transported by, or rented or loaned to the insured; or
     - **(2)** Property in the care, custody or control of the insured.

C. WHO IS AN INSURED

Section II – Who Is An Insured is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

1. You;
2. Anyone else including any partner or "executive officer" of yours while using with your permission a "hired auto" or a "nonowned auto" except:
   - **a.** The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner or lessee of a "nonowned auto" or any agent or "employee" of any such owner or lessee;
   - **b.** Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household;
   - **c.** Your "employee" if the covered "auto" is leased, hired or rented by him or her or a member of his or her household under a lease or rental agreement for a period of 180 days or more;
   - **d.** Any partner or "executive officer" with respect to any "auto" owned by such partner or officer or a member of his or her household;
   - **e.** Any partner or "executive officer" with respect to any "auto" leased or rented to such partner or officer or a member of his or her household under a lease or rental agreement for a period of 180 days or more;
   - **f.** Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
   - **g.** Anyone other than your "employees", partners, a lessee or borrower or any of

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their "employees", while moving property to or from a "hired auto" or a "nonowned auto"; or

3. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under **1.** or **2.** above.

D. AMENDED DEFINITIONS

The Definition of "insured contract" in **Section V – Definitions** is amended by the addition of the following exceptions to paragraph **f.**:

Paragraph **f.** does not include that part of any contract or agreement:

(4) That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or

(5) That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

E. ADDITIONAL DEFINITIONS

Section V – Definitions is amended by the addition of the following definitions:

1. "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos."

2. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include:

   a. Any "auto" you lease, hire or rent under a lease or rental agreement for a period of 180 days or more, or

   b. Any "auto" you lease, hire, rent or borrow from any of your "employees", partners, stockholders, or members of their households.

3. Nonowned auto" means any "autos" you do not own, lease, hire, rent or borrow that are being used in the course and scope of your business at the time of an "occurrence". This includes "autos" owned by your "employees" or partners or members of their households but only while being used in the course and scope of your business at the time of an "occurrence".

   If you are a sole proprietor, "nonowned auto" means any "autos" you do not own, lease, hire, rent or borrow that are being used in the course and scope of your business or personal affairs at the time of an "occurrence".

F. CONDITIONS

The insurance provided by this endorsement is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, that applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" or "nonowned auto."

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT – NON CUMULATION OF EACH OCCURRENCE LIMIT OF LIABILITY and NON CUMULATION OF PERSONAL and ADVERTISING INJURY LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. Paragraph 5 of SECTION III – LIMITS OF INSURANCE, is amended to include the following:

   Non cumulation of Each Occurrence Limit – If one "occurrence" causes "bodily injury" and/or "property damage" during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Each Occurrence Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "occurrence".

2. Paragraph 4 of SECTION III – LIMITS OF INSURANCE, is amended to include the following:

   Non cumulation of Personal and Advertising Limit – If "personal injury" and/or "advertising injury" is sustained by any one person or organization during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Personal Injury and Advertising Injury Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "personal injury" and/or "advertising injury".

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WEB XTEND LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

Paragraph **o. Personal And Advertising Injury**, Part **2. Exclusions** of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is deleted and replaced by the following:

o. Personal Injury, Advertising Injury and Web Site Injury

"Bodily injury" arising out of "personal injury", "advertising injury" or "web site injury".

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY (SECTION I – COVERAGES) is deleted in its entirety and replaced by the following:

COVERAGE B. PERSONAL INJURY, ADVERTISING INJURY AND WEB SITE INJURY LIABILITY

1. Insuring Agreement.

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury", "advertising injury" or "web site injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal injury", "advertising injury", or "web site injury" to which this insurance does not apply. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to:

(1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;

(2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services; or

(3) "Web site injury" caused by an offense committed in the course of the visual or audio presentation of material on "your web site" or in the numerical expression of computer code used to enable "your web site";

but only if the offense was committed in the "coverage territory" during the policy period.

With respect to subparagraph **b. (1)** above, bulletins, financial or annual reports, or newsletters that are not published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters will not be considered publishing.

2. Exclusions.

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal injury", "advertising injury" or "web site injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal injury", "advertising injury" or "web site injury".

b. Material Published With Knowledge Of Falsity

"Personal injury", "advertising injury" or "web site injury" arising out of oral, written or electronic publication of material, if done by or at the direction of the insured with knowledge of its falsity.

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c. Material Published Prior To Policy Period

"Personal injury", "advertising injury" or "web site injury" arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal injury", "advertising injury" or "web site injury" arising out of a criminal act committed by or with the consent of the insured.

e. Contractual Liability

"Personal injury", "advertising injury" or "web site injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to:

(1) "Personal injury" liability assumed in a contract or agreement that is an "insured contract", provided the "personal injury" arises out of an offense committed subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "personal injury" provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged; or

(2) "Personal injury", "advertising injury" or "web site injury" that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Advertising injury" or "web site injury" arising out of a breach of contract.

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Advertising injury" or "web site injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in the course of advertising your goods, products or services.

h. Wrong Description Of Prices

"Advertising injury" or "web site injury" arising out of the wrong description of the price of goods, products or services.

i. Insureds In Media And Internet Type Businesses

"Personal injury", "advertising injury" or "web site injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of websites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **a.**, **b.** and **c.** of the "personal injury" definition under **SECTION V – DEFINITIONS** of this endorsement.

For the purposes of this exclusion, bulletins, financial or annual reports, or newsletters that are not published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters will not be considered publishing.

j. Electronic Chatrooms Or Bulletin Boards

"Personal injury", "advertising injury" or "web site injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

k. Unauthorized Use Of Another's Name Or Product

"Personal injury", "advertising injury" or "web site injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar activities that mislead another's potential customers.

l. Pollution

"Personal injury", "advertising injury" or "web site injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

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m. Pollution-Related

Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or "suit" by or on behalf of a governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants".

n. Dishonest, Fraudulent Or Malicious Acts

"Web site injury" arising out of dishonest, fraudulent, criminal or malicious acts, errors or omissions committed by any insured, or by anyone for whom the insured is legally responsible, whether acting alone or with others.

o. Web Site Intellectual Property

"Web site injury" committed by any insured whose business is providing access to intellectual property of others via "your web site".

p. Employment-Related Practices

"Web site injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in paragraphs **p.(1)(a)(b)** or **(c)** above is directed.

This exclusion applies:

(i) Whether the insured may be held liable as an employer or in any other capacity; and

(ii) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B (Section **I** – Coverages) is amended as follows:

1. Paragraph **2.d.** is deleted and replaced by the following:

d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

2. The third sentence of Paragraph **2.** is deleted and replaced by the following:

Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability and Paragraph **2.e.(1)** of Section **I** – Coverage **B** – Personal Injury, Advertising Injury And Web Site Injury Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage", or damages for "personal injury", and will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

The introductory sentence of paragraph **2. a. (1)** Section **II** – Who Is An Insured is deleted and replaced by the following:

2. a. (1) "Bodily injury", "personal injury" or "web site injury":

Section II – Who Is An Insured, paragraph **4. c.**, is deleted and replaced by the following:

4. c. Coverage **B** does not apply to "personal injury", "advertising injury" or "web site injury" arising out of an offense committed before you acquired or formed the organization.

SECTION III – LIMITS OF INSURANCE

SECTION III – Limits Of Insurance, paragraph 4, is deleted and replaced by the following:

4. Subject to **2.** above, the Personal, Advertising and Web Site Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal injury", "advertising injury" and all "web site injury" sustained by any one person or organization.

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SECTION V – DEFINITIONS

ADVERTISEMENT

The definition of **"Advertisement" (SECTION V – DEFINITIONS)** is deleted in its entirety.

COVERAGE TERRITORY

The definition of **"Coverage Territory" (SECTION V – DEFINITIONS)** is deleted in its entirety and replaced by the following:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above; or

c. All parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in **a.** above;

(2) The activities of a person whose home is in the territory described in **a.** above, but who is away for a short time on your business; or

(3) "Personal injury", "advertising injury", and "web site injury" offenses that take place through the Internet or similar electronic means of communication; and

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.

INSURED CONTRACT

The first paragraph of part **f.** of the definition of **"Insured Contract" (SECTION V – DEFINITIONS)** is deleted and replaced by the following:

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury", "property damage" or "personal injury" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

PERSONAL AND ADVERTISING INJURY

The definition of **"Personal and advertising injury" (SECTION V – DEFINITIONS)** is deleted in its entirety and replaced by the following definitions of "advertising injury" and "personal injury":

"Advertising injury" means injury, arising out of one or more of the following offenses:

a. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have been slandered or libeled, or whose goods, products or services have allegedly been disparaged;

b. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life; or

c. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization claiming ownership of such copyright, title or slogan.

"Personal injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor, provided that the wrongful eviction, wrongful entry or invasion of the right of private occupancy is performed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have been slandered or libeled, or whose goods, products or services have allegedly been disparaged; or

e. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life.

SUIT

The definition of **"Suit" (SECTION V – DEFINITIONS)** is deleted in its entirety and replaced by the following:

"Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury", "advertising injury" or "web site injury" to

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which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

The following definitions are added to **SECTION V – DEFINITIONS**

WEB SITE INJURY

"Web site injury" means injury, other than "personal injury" or "advertising injury", arising out of one or more of the following offenses:

a. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have been slandered or libeled, or whose goods, products or services have allegedly been disparaged;

b. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life;

c. Oral, written or electronic publication of material that violates a person's right of publicity, provided that claim is made or "suit" is brought by the person claiming rights of publicity; or

d. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization claiming ownership of such copyright, title or slogan.

YOUR WEB SITE

"Your web site" means all computer files and data which may be accessed via the Internet using a Universal Resource Locator that includes any domain name owned by or assigned to you.

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POLICY NUMBER: I-660-3905B356-TCT-06

COMMERCIAL GENERAL LIABILITY
ISSUE DATE: 10-18-06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED–DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of person or organization:

CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO PUBLIC LIBRARY

100 LARKIN STREET

SAN FRANCISCO CA 94102

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule as an insured but only with respect to liability arising out of your acts or omissions.

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FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2.**, Exclusions **of Section I – Coverage A – Bodily Injury And Property Damage**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following exclusion is added to Paragraph **2.**, Exclusions of **Section I – Coverage B – Personal And Advertising Injury Liability**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. "Personal injury" or "advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

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AMENDMENT OF COVERAGE – PROPERTY DAMAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

PROVISIONS

The definition of "property damage" in **SECTION V – DEFINITIONS** is deleted in its entirety and replaced by the following:

"Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

"Property damage" does not include loss of or damage to "electronic media and records".

As used in this definition, "electronic media and records" means:

a. Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

b. Data stored on such media; or

c. Programming records for electronic data processing or electronically controlled equipment.

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EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2.**, **Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability**:

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2.**, **Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to:

"Personal injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal injury" to that person at whom any of the employment-related practices described in Paragraphs **(a)**, **(b)**, or **(c)** above is directed.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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EXCLUSION – UNSOLICITED COMMUNICATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to "bodily injury", "property damage", "personal injury", "advertising injury" or "website injury" arising out of unsolicited communications by or on behalf of any insured. Unsolicited communications means any form of communication, including but not limited to facsimile, electronic mail, posted mail or telephone, in which the recipient has not specifically requested the communication. Unsolicited communications also include but are not limited to communications which are made or allegedly made in violation of the Telephone Consumer Protection Act and any amendments, and/or local or state statutes that bar, prohibit or penalize such communications.

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EXCLUSION—DISCRIMINATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. **COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY** – is amended by adding the following additional exclusion:

   (This Insurance does not apply to:)

   "Bodily injury" resulting from or as a consequence of discrimination, whether intentional or unintentional, based upon a person's sex, sexual preference, marital status, race, creed, religion, national origin, age, physical capabilities, characteristics or condition, or mental capabilities or condition.

2. **COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY** – is amended by adding the following additional exclusion:

   (This insurance does not apply to:)

   "Personal injury" resulting from or as a consequence of discrimination, whether intentional or unintentional, based upon a person's sex, sexual preference, marital status, race, creed, religion, national origin, age, physical capabilities, characteristics or condition, or mental capabilities or condition.

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EXCLUSION – WAR

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion **i.** under Paragraph **2.**, **Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions:

This insurance does not apply to:

i. War

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

B. The following exclusion is added to Paragraph **2.**, **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**:

2. Exclusions:

This insurance does not apply to:

War

"Personal injury" or "advertising injury" arising, directly or indirectly, out of:

(1) War, including undeclared or civil war; or

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these

regardless of any other cause or event that contributes concurrently or in any sequence to the injury.

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EXCLUSION – ASBESTOS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
CATASTROPHE UMBRELLA POLICY

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos. This includes:

a. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and

b. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

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LIMITATION WHEN TWO OR MORE POLICIES APPLY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

Provisions

1. Injury, damage or loss might be covered by this policy and also by other policies issued to you by us or any Travelers affiliate. When these other policies contain a provision similar to this one, the amount we will pay is limited. The maximum that we will pay under all such policies combined is the highest limit that applies in any one of these policies.
2. This does not apply to any personal liability policy or to any Umbrella, Excess or Protective Liability Policy.

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CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

The term "spouse" is replaced by the following:

Spouse or registered domestic partner under California law.

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INTERLINE ENDORSEMENTS

INTERLINE ENDORSEMENTS

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FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement applies to the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF TRANSPORTATION
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
LIMITED ABOVE GROUND POLLUTION LIABILITY COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
ELECTRONIC MANUFACTURERS AND COMPUTER SERVICES ERRORS AND OMISSIONS LIABILITY COVERAGE FORM
SELF-INSURED EXCESS COMMERCIAL GENERAL LIABILITY COVERAGE FORM
SELF-INSURED EXCESS LIQUOR LIABILITY COVERAGE FORM
SELF-INSURED EXCESS EMPLOYEE BENEFITS LIABILITY COVERAGE FORM
SELF-INSURED EXCESS PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM
COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE

PROVISIONS

On November 26, 2002, the President of the United States signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a program under which the Federal Government will partially reimburse *"Insured Losses"* caused by certain *"Acts of Terrorism"* (each as defined in the Act).

The Federal Government's share of compensation for *Insured Losses* in each year up to and including calendar year 2006 is 90% of the amount of *Insured Losses* in excess of each *Insurer's* statutorily established deductible for that year, subject to the *"Program Trigger"* (as defined in the Act). For calendar year 2007 the Federal Government's share is 85% of the amount of Insured Losses in excess of each *Insurer's* deductible, subject to the *Program Trigger.* In no event, however, will the Federal Government or any *Insurer* be required to pay any portion of the amount of aggregate *Insured Losses* occurring in any one year that exceeds $100,000,000,000, provided that such *Insurer* has met its deductible.

The charge for *Insured Losses* for each Coverage Part to which this endorsement applies is included in the total premium for each Coverage Part indicated in the premium schedule. The charge for each coverage is indicated below and/or on the premium schedule, and does not include any charges for the portion of losses covered by the federal government under the Act.

- **1% of each applicable Commercial Liability Coverage premium.**

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of $5 million; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

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"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

A. In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:

1. The Limit of Insurance applicable to that building or structure; or
2. The fair market value of the building or structure.

B. In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:

1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
2. The Limit of Insurance applicable to the property.

C. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:

1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
2. The Limit of Insurance applicable to the property.

D. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

B. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

D. Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

E. The Appraisal Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30;** and
2. Business Income (Without Extra Expense) Coverage Form **CP 00 32;**

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall no-

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tify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

(4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

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(5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(6) A determination by the Commissioner of Insurance that the:

(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

(b) Continuation of the policy coverage would:

(i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph **3.a.**

B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.

b. We may not cancel this policy solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction **(c.)** applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Capital Assets Program Coverage Form (Output Policy);

(2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

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We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Capital Assets Program (Output Policy) Coverage Part

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below:

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction **(d.)** applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Capital Assets Program Coverage Form (Output Policy);

(2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1.**

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

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d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1.**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER–RELATED LOSSES DUE TO DATES OR TIMES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART

A. We will not pay for loss ("loss") or damage caused directly or indirectly by any of the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including microprocessors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

(5) Microprocessors (computer chips) not part of any computer system; or

(6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Boiler and Machinery Coverage Part, the Commercial Crime Coverage Part or the Commercial Inland Marine Coverage Part; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", in elevator collision resulting from mechanical breakdown, or from theft (if insured) under the Causes of Loss – Special Form; or

b. In a Covered Cause of Loss under the Causes of Loss – Basic Form or the Causes of Loss – Broad Form; or

3. In a "Specified Cause of Loss", in elevator collision resulting from mechanical breakdown, or from theft under the Deluxe Property Coverage Part;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, theft, or a Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

TRAVELERS
150 BALDWIN STREET SUITE A
ELMIRA NY 14901

LENDER'S CERTIFICATE OF INSURANCE – FORM A
Issue Date: 10-18-06

1. **CERTIFICATE HOLDER:** Policy Number: I-660-3905B356-TCT-06

MIDLAND LOAN SERVICES, INC.
AND AS PER CP T8 00
NCCI-026-06-01
900 WEST TRADE STREET, STE 650
CHARLOTTE NC 28255

2. **NAMED INSURED:** COLLEGESOURCE, INC
HARRY G. COOPER. TRUSTEE OF
8090 ENGINEER ROAD

SAN DIEGO CA 92111

3. **CERTIFICATION -** We certify that we have issued the policy to the Named Insured for the policy period as identified in this Certificate. Notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this Certificate may be issued, the insurance is that which we customarily provide for the coverage indicated in item 6. below. This Certificate is issued as a matter of information only and does not amend, extend or alter the coverage afforded by the policy.

4. **POLICY PERIOD:** 11-25-06 to 11-25-07

5. **INSURING COMPANY:** THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

6. **INSURANCE**

Buildings or Personal Property - The policy names the Certificate Holder as a Loss Payee, according to its Loss Payable Provisions (copy attached), for the property described below:

Loc. No.	Bldg. No.	Description of Property	Limit of Insurance	Ded.
1	1	BUSINESS PERSONAL PROPERTY	$ 921,985	$ 1,000

Coverage - Covered Causes of Loss: ____ Basic Form ____ Broad Form __X__ Special Form
____ Deluxe Property Form

7. **SPECIAL PROVISIONS** (if any):

8. **NOTICE OF CANCELLATION** – If we elect to cancel the policy or the Coverage Part which applies to the property described in item 6. of this Certificate, we will mail to the Certificate Holder written notice at least 10 days before the date our cancellation takes effect. If more than 10 days notice to the Certificate Holder is provided in this Certificate or is required by law, we will mail written notice according to such provision or requirement.

9. **DEFINITIONS** – As defined in the policy, the words "we," "us" and "our" refer to the Company providing this insurance. The words "you" and "your" refer to the Named Insured shown in the Declarations of the policy.

BY: Cheri E. Watters
Signature of Authorized Representative

TRAVELERS
150 BALDWIN STREET SUITE A
ELMIRA NY 14901

LENDER'S CERTIFICATE OF INSURANCE – FORM B
Issue Date: 10-18-06

1. **CERTIFICATE HOLDER:** Policy Number: I-660-3905B356-TCT-06

MIDLAND LOAN SERVICES, INC
AND AS PER CP T8 00
NCCI-026-06-01
900 WEST TRADE STREET, STE 650
CHARLOTTE NC 28255

2. **NAMED INSURED:** COLLEGESOURCE, INC
HARRY G. COOPER. TRUSTEE OF
8090 ENGINEER ROAD

SAN DIEGO CA 92111

3. **CERTIFICATION** - We certify that we have issued the policy to the Named Insured for the policy period as identified in this Certificate. Notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this Certificate may be issued, the insurance is that which we customarily provide for the coverage indicated in item 6. below. This Certificate is issued as a matter of information only and does not amend, extend or alter the coverage afforded by the policy.

4. **POLICY PERIOD**: From 11-25-06 to 11-25-07

5. **INSURING COMPANY:** THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

6. **INSURANCE**

Buildings or Buildings Under Construction – The policy names the Certificate Holder as a Mortgagee, according to the Mortgage Holder Conditions on page 2, for the buildings described below:

Loc. No.	Bldg. No.	Address	Limit of Insurance	Coins %
1	1	8090 ENGINEER ROAD SAN DIEGO CA 92111	$ 633,195	100

Coverage - Covered Causes of Loss: ____ Basic Form ____ Broad Form __X__ Special Form
____ Deluxe Property Form

7. **SPECIAL PROVISIONS** (if any)

8. **DEFINITIONS** – As defined in the policy, the words 'we,' 'us' and 'our' refer to the Company providing this Insurance. The words 'you' and 'your' refer to the Named Insured shown in the Declarations of the policy.

BY: Cheri E. Watson
Signature of Authorized Representative

MORTGAGE HOLDER CONDITIONS – BUILDINGS ONLY

a. The term, mortgage holder, includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as their interests may appear.

c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part;

(1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION

For information about how St. Paul Travelers compensates independent agents and brokers, please visit www.StPaulTravelers.com, or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, Connecticut 06183.

IMPORTANT NOTICE TO POLICYHOLDERS

COMMERCIAL PROPERTY COVERAGE PART
FUNGUS, ROT, BACTERIA AND OTHER CAUSES OF LOSS CHANGES

NO COVERAGE IS PROVIDED BY THIS SUMMARY NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS IN YOUR POLICY. YOU SHOULD READ YOUR POLICY CAREFULLY TO DETERMINE YOUR RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. IF THERE IS ANY CONFLICT BEWTEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

PLEASE READ THIS NOTICE CAREFULLY.

CP T3 68 01 03 – Fungus, Rot, Bacteria and Other Causes of Loss Changes

When this endorsement is attached to your policy:

- Loss caused by "fungus" (which is newly defined and encompasses mold), wet and dry rot and bacteria is excluded unless the "fungus", wet rot, dry rot and bacteria results from fire, lightning, or another specified cause of loss. When the "fungus", wet rot, dry rot and bacteria results from a specified cause of loss, other than fire or lightning:
  - Direct damage loss is subject to a $15,000 annual aggregate limit unless another limit is indicated in the Schedule of the endorsement for Limited "Fungus", Wet Rot, Dry Rot and Bacteria – Direct Damage coverage.
  - Loss of Business Income and/or Extra Expense (when such coverage is included in your policy) caused by a business interruption attributable to the "fungus", wet rot, dry rot and bacteria is covered subject to a 30 day period of restoration. The 30 days do not have to be consecutive days. If the "fungus", wet rot, dry rot or bacteria prolongs a business interruption that is attributable to other damage, the loss/expense sustained during the delay is covered for up to 30 days (regardless of when the delay occurs during the period of restoration and not necessarily consecutive days). If another number of days is indicated in the Schedule of the endorsement for Limited "Fungus", Wet Rot, Dry Rot and Bacteria – Business Income/Extra Expense, the above references to "30 days" are replaced by the number of days indicated in the Schedule.
- Any Ordinance or Law coverage or Ordinance or Law – Increased Period of Restoration coverage included in the policy is amended to specifically exclude loss due to enforcement any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria, or requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "fungus", wet rot, dry rot or bacteria.

If you have any questions about your insurance program, please contact your Agent.

COMMERCIAL PROPERTY INSURANCE
REVISIONS TO THE COMMERCIAL PROPERTY COVERAGE PART

IMPORTANT NOTICE TO POLICYHOLDERS

This is a summary of the major changes in your Commercial Property Coverage Part. It contains a brief synopsis of the significant broadenings and restrictions that were made in each of the Coverage Forms, Causes of Loss Forms and Coverage Endorsements shown below. It does not attempt to include every clarification or editorial change made in these forms and endorsements. The summary is organized by individual Coverage Forms, Causes of Loss Forms and Coverage Endorsements, **however, not all Coverage Forms, Causes of Loss Forms, or Coverage Endorsements are included in a particular policy.**

NO COVERAGE IS PROVIDED BY THIS SUMMARY, NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY CAREFULLY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES. PLEASE CONTACT YOUR AGENT WITH ANY QUESTIONS, OR IF YOU DESIRE ANY CHANGES IN YOUR POLICY. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

PROPERTY DAMAGE COVERAGE FORMS

BROADENED FEATURES OF BUILDING AND PERSONAL PROPERTY COVERAGE FORM **(CP T1 00 01 03)**, CONDOMINIUM ASSOCIATION COVERAGE FORM **(CP T1 01 01 03)** AND CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM **(CP T1 02 01 03)**

1. Your Business Personal Property and Personal Property of Others is now covered if located in the open within 1,000 feet of the described premises. Previously, this property had been covered if located within 500 feet.
2. Your Business Personal Property now includes leased personal property if you have a contractual responsibility to insure it.
3. All watercraft owned by you while out of the water at a described premises are now covered.
4. The additional amount of Debris Removal coverage which applies when the sum of direct physical loss and debris removal expense exceeds the Limit of Insurance or when the debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage has been amended to $25,000 at each premises. Also, a Limit of Insurance equal to at least 80% of the total value of the Covered Property is no longer required for this additional amount to apply.
5. The Pollutant Clean-Up and Removal Additional Coverage has been increased from $10,000 to $25,000.
6. The Preservation of Property Additional Coverage has been expanded to include the necessary and reasonable expenses incurred to remove Covered Property from the described premises, temporarily store it at another location and move it back to the described premises to preserve it from loss or damage.
7. The Fire Department Service Charge Additional Coverage has been increased from $1,000 to $5,000 in any one occurrence.
8. The Reward Coverage Additional Coverage has been increased from $1,000 to $5,000 in any one occurrence and the policy deductible no longer applies.
9. The Increased Cost of Construction or Repair Additional Coverage has been added if the Replacement Cost Optional Coverage has been selected. In the event of covered damage to a building, it provides up to $10,000 coverage for the increased costs incurred to comply with the enforcement of a building ordinance or law in the course of repair, rebuilding or replacement of damaged parts of the property.

   Note: This Additional Coverage does not apply to the Condominium Commercial Unit-Owners Coverage Form (**CP T1 02 01 03**)

10. A new Additional Coverage has been added for Fire Protective Equipment Discharge. If a fire protective system discharges, this provides up to $5,000 to refill or recharge the system, or to replace or repair faulty valves or controls.
11. The Newly Acquired or Constructed Property Coverage Extension now applies to all new buildings, regardless of occupancy.
12. The theft restriction for Personal Effects has been removed. The sub-limit for Personal Property of Others has been increased from $500 to $2,500 for employees. The limit for Personal Effects and for Personal Property of Others has been increased from $5,000 to $10,000.
13. The Valuable Papers And Records – Cost of Research Coverage Extension has been increased from $5,000 to $10,000. A definition of Valuable Papers and Records has also been included.
14. The Property Off-Premises Coverage Extension has been expanded to include coverage for stock, Personal Property of Others, property at any fair, trade show or exhibit, and property at installation premises or temporarily at a storage premises while awaiting installation. Coverage for Property Off-Premises has been increased from $5,000 to $25,000 per occurrence at all off-premises locations, except for property at installation premises or awaiting installation, which is $10,000.
15. The limit for most items included in the Outdoor Property Coverage Extension has been amended from $5,000 at each described premises to $10,000 per occurrence. (The sub-limit of $500 for any one tree, shrub or plant remains unchanged, while the sub-limit for any one antenna is increased from $1,000 to $2,500). In addition, this $10,000 limit may also be used to cover Debris Removal of covered outdoor property.
16. The Claim Data Expense Coverage Extension has been increased from $1,000 to $2,500 in any one occurrence.
17. The Extra Expense Coverage Extension has been increased from $1,000 to $2,500. In addition, coverage has been expanded to include Expediting Expenses.
18. A new Coverage Extension has been added for Accounts Receivable. This provides up to $10,000 coverage for loss or damage to Accounts Receivable records.
19. A new Coverage Extension has been added for Non-Owned Detached Trailers. This provides up to $5,000 coverage for loss or damage to certain non-owned trailers or semi-trailers in your care, custody or control.
20. Coverage for all outdoor signs is now provided in the amount of $2,500 per occurrence under the new Outside Signs Coverage Extension. Coverage has been expanded to include all Covered Causes of Loss. Previous coverage had been in the amount of $1,000 and had been limited in some cases to specified causes of loss.
21. A new Coverage Extension has been added for Covered Property In Transit. This provides up to $10,000 coverage for property in due course of transit at your risk within the Coverage Territory, subject to certain restrictions and exclusions.
22. A new Coverage Extension has been added for Duplicate Electronic Data Processing Data and Media. This provides up to $10,000 for covered loss or damage to duplicate EDP data or media while stored in a separate, unattached building from where the original EDP data and media is stored.
23. A new Coverage Extension has been added for Electronic Data Processing Equipment and Data and Media – Limited. This provides up to $10,000 for covered loss or damage to EDP items when a limit is shown in the Declarations for Your Business Personal Property, but not for EDP Equipment or EDP Data and Media.
24. A new Coverage Extension has been added for Theft Damage To Rented Property. This provides coverage for damage to non-owned buildings caused by theft or attempted theft under certain circumstances. This Coverage Extension does not apply to the Condominium Association Coverage Form **(CP T1 01 01 03)**.
25. The Replacement Cost Optional Coverage has been expanded by specifically including necessary and reasonable architectural, engineering, consulting or supervisory fees incurred in the repair or rebuilding of damaged buildings.

RESTRICTIVE FEATURES OF BUILDING AND PERSONAL PROPERTY COVERAGE FORM **(CP T1 00 01 03)**, CONDOMINIUM ASSOCIATION COVERAGE FORM **(CP T1 01 01 03)** AND CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM **(CP T1 02 01 03)**

1. Coverage for newly acquired personal property items under the Newly Acquired or Constructed Property Coverage Extension has been amended from $250,000 at each building to $250,000 total in any one occurrence at each location.
2. The Temporary Relocation of Property Coverage Extension no longer applies to all Covered Property. Coverage now applies to all Personal Property for which a Limit of Insurance is shown in the Declarations. In addition, the limit has been amended from $50,000 at each temporary location to $50,000 in any one occurrence.
3. Payment under the Claim Data Expense Coverage Extension does not include expenses incurred, directed, or billed by or payable to attorneys, insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
4. The Replacement Cost Optional Coverage no longer applies to vacant buildings.
5. The cost of restoring land or water has been added to Property Not Covered.

BROADENED FEATURES OF BUILDERS RISK COVERAGE FORM **(CP T1 03 01 03)**

1. Covered Property is now covered if intended to be permanently located within 1,000 feet of the described premises. Previously, this property had been covered if located within 500 feet. This expanded distance also applies to materials and supplies used for construction.
2. The additional amount of Debris Removal coverage which applies when the sum of direct physical loss and debris removal expense exceeds the Limit of Insurance or when the debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage has been amended to $25,000 at each premises. Also, a Limit of Insurance equal to at least 80% of the total value of the Covered Property is no longer required for this additional amount to apply.
3. The Pollutant Clean-Up and Removal Additional Coverage has been increased from $10,000 to $25,000.
4. The Preservation of Property Additional Coverage has been expanded to include the necessary and reasonable expenses incurred to remove Covered Property from the described premises, temporarily store it at another location and move it back to the described premises to preserve it from loss or damage.
5. The Fire Department Service Charge Additional Coverage has been increased from $1,000 to $5,000 in any one occurrence.
6. The Reward Coverage Additional Coverage has been increased from $1,000 to $5,000 in any one occurrence and the policy deductible no longer applies.
7. Building materials and supplies of others are now covered if located within 1,000 feet of the described premises. Previously, this property had been covered if located within 500 feet.
8. The Claim Data Expense Coverage Extension has been increased from $1,000 to $2,500 in any one occurrence.
9. A new Coverage Extension has been added for Plans and Records. It provides up to $5,000 in any one occurrence for expenses to reconstruct, replace or restore blueprints, plans, abstracts or drawings lost or damaged by a Covered Cause of Loss. No deductible applies.
10. A new Coverage Extension has been added for Additional Cost of Construction Labor and Materials. It provides coverage to pay any additional labor or material costs incurred to repair or rebuild covered loss or damage to a building. The limit per occurrence is 5% of the Limit of Insurance for the building, or $25,000, whichever is less.
11. A new Coverage Extension has been added for Property In Transit. This provides up to $10,000 coverage for building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the building under construction in due course of transit on vehicles you own, lease or operate within the Coverage Territory. Coverage is based on specified perils and is subject to some restrictions.

RESTRICTIVE FEATURES OF BUILDERS RISK COVERAGE FORM **(CP T1 03 01 03)**

1. Payment under the Claim Data Expense Coverage Extension does not include expenses incurred, directed, or billed by or payable to attorneys, insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
2. The When Coverage Ceases Additional Condition has been amended. It use to provide that coverage will end 90 days after construction is complete. This time limit has been amended to 30 days, unless we specify another time limit in writing.

BUSINESS INTERRUPTION COVERAGE FORMS

BROADENED FEATURES OF BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM **(CP T1 04 01 03)**

1. Business Income loss sustained due to loss or damage to property in the open or in a vehicle is now covered if the property is located within 1,000 feet of the described premises. In the previous form, this property had to be located within 500 feet of the described premises.
2. Extra Expense coverage now includes Expediting Expenses.
3. The Alterations and New Buildings Additional Coverage has been expanded to include Extra Expense.
4. The Civil Authority Additional Coverage has been expanded to now cover any reasonable and necessary Extra Expense you incur.
5. The Newly Acquired Locations Coverage Extension has been increased from $100,000 to $250,000 in any one occurrence at each location.
6. A new Coverage Extension for Claim Data Expense has been added in the amount of $2,500.
7. A new Additional Coverage has been added for Delayed Net Income Loss. We will now pay for the actual loss of Net Income (Net Profit or Loss before income taxes) you sustain due to the suspension of your operations resulting in a loss in the value of production which occurs beyond the period of restoration and any Extended Business Income time period.

RESTRICTIVE FEATURES OF BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM **(CP T1 04 01 03)**

1. Reasonable and necessary Extra Expense to research, replace or restore the lost information on damaged Valuable Papers and Records is no longer covered.
2. Coverage under the Civil Authority Additional Coverage now only applies if the civil authority action is due to loss or damage to property at locations, other than the described premises, that are within 100 miles of the described premises. In addition, coverage now begins 72 hours after the civil authority action takes place. (This 72 hour time period does not apply to Extra Expense coverage).
3. Business Income and Extra Expense losses resulting from damage to electronic media or records were previously limited to a period of 60 days. Under the new Interruption of Computer Operations Additional Coverage, these losses are limited to a total of $25,000 for each separate 12-month period of this policy.
4. The Period of Restoration for Business Income coverage now begins 72 hours after the time of direct physical loss or damage. (This 72 hour time period does not apply to Extra Expense coverage).

BROADENED FEATURES OF BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM **(CP T1 09 01 03)**

1. Business Income loss sustained due to loss or damage to property in the open or in a vehicle is now covered if the property is located within 1,000 feet of the described premises. In the previous form, this property had to be located within 500 feet of the described premises.
2. The Newly Acquired Locations Coverage Extension has been increased from $100,000 to $250,000 in any one occurrence at each location.
3. A new Coverage Extension has been added for Claim Data Expense in the amount of $2,500.

4. A new Additional Coverage has been added for Delayed Net Income Loss. We will now pay for the actual loss of Net Income (Net Profit or Loss before income taxes) you sustain due to the suspension of your operations resulting in a loss in the value of production which occurs beyond the period of restoration and any Extended Business Income time period.

RESTRICTIVE FEATURES OF BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM **(CP T1 09 01 03)**

1. Coverage under the Civil Authority Additional Coverage now only applies if the civil authority action is due to loss or damage to property at locations, other than the described premises, that are within 100 miles of the described premises. In addition, coverage now begins 72 hours after the civil authority action takes place.
2. Business Income losses resulting from damage to electronic media or records were previously limited to a period of 60 days. Under the new Interruption of Computer Operations Additional Coverage, these losses are limited to a total of $25,000 for each separate 12-month period of this policy.
3. The Period of Restoration for Business Income coverage now begins 72 hours after the time of direct physical loss or damage.

BROADENED FEATURES OF EXTRA EXPENSE COVERAGE FORM **(CP T1 12 01 03)**

1. Extra Expense loss sustained due to loss or damage to property in the open or in a vehicle is now covered if the property is located within 1,000 feet of the described premises. In the previous form, this property had to be located within 100 feet of the described premises.
2. Extra Expense coverage now includes Expediting Expense.
3. Coverage under the Civil Authority Additional Coverage has been expanded from two weeks to three weeks.
4. The limit available for Extra Expense in the Newly Acquired Locations Coverage Extension had been 10% of the Limit of Insurance for Extra Expense shown in the Declarations, up to $100,000. The 10% limitation has been removed and the limit is now $100,000 in any one occurrence at each newly acquired location. The number of days when coverage under this Coverage Extension ends has been expanded from 30 days to 90 days.
5. A new Coverage Extension has been added for Claim Data Expense in the amount of $2,500.

RESTRICTIVE FEATURES OF EXTRA EXPENSE COVERAGE FORM **(CP T1 12 01 03)**

1. Reasonable and necessary Extra Expense to research, replace or restore the lost information on damaged Valuable Papers and Records is no longer covered.
2. Coverage under the Civil Authority Additional Coverage now only applies if the civil authority action is due to loss or damage to property at locations, other than the described premises, that are within 100 miles of the described premises.
3. Extra Expense losses resulting from Interruption of Computer Operations are now limited to $25,000 for each separate 12-month period of this policy.

BROADENED FEATURES OF BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM PLUS **(CP T3 58 01 03)**

1. Business Income loss sustained due to loss or damage to property in the open or in a vehicle is now covered if the property is located within 1,000 feet of the described premises. In the previous form, this property had to be located within 500 feet of the described premises.
2. The Alterations and New Buildings Additional Coverage has been expanded to include Extra Expense.
3. A new Additional Coverage has been added for Delayed Net Income Loss. We will now pay for the actual loss of Net Income (Net Profit or Loss before income taxes) you sustain due to the suspension of your operations resulting in a loss in the value of production which occurs beyond the period of restoration plus any Extended Business Income time period.

RESTRICTIVE FEATURES OF BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM PLUS **(CP T3 58 01 03)**

1. Reasonable and necessary Extra Expense to research, replace or restore the lost information on damaged Valuable Papers and Records is no longer covered.
2. Coverage under the Civil Authority Additional Coverage now only applies if the civil authority action is due to loss or damage to property at locations, other than the described premises, that are within 100 miles of the described premises. Coverage applies for a period of up to three consecutive weeks. The previous form provided coverage for thirty consecutive days. Coverage for Extra Expense ends when your Business Income coverage ends. The previous form provided this coverage for thirty consecutive days.
3. Payment under the Claim Data Expense Coverage Extension does not include expenses incurred, directed, or billed by or payable to attorneys, insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
4. Business Income and Extra Expense losses resulting from damage to electronic media or records were previously limited to a period of 60 days. Under the new Interruption of Computer Operations Additional Coverage, these losses are limited to a total of $25,000 for each separate 12-month period of this policy.
5. The Limit of Insurance under the Contract Penalty Clause Coverage Extension has been changed from $25,000 per occurrence to $25,000 for each separate 12-month period of this policy.

CHANGES IN GLASS COVERAGE

The Glass Coverage Form, **CP T1 05**, and Glass Coverage Schedule, **CP 19 15**, are withdrawn. The effect on coverage varies in accordance with the scenarios that follow.

The Commercial Property Coverage Part includes coverage for glass that is part of a building insured under this policy. The Covered Causes of Loss for such Covered Property are determined by the applicable Causes of Loss Form.

- If your previous policy did not include the Glass Coverage Form **(CP T1 05)**, then either explanation (A) or (B) applies:

  (A) If the Covered Property is subject to the Causes of Loss – Basic Form **(CP T1 06)** or Causes of Loss – Broad Form **(CP T1 07)**, coverage is **broadened** in that the vandalism cause of loss no longer contains an exception for glass property. Under **CP T1 07**, coverage is **reduced**, in that the $1,000 Additional Coverage – Breakage of Glass (applicable to causes of loss not otherwise covered under **CP T1 07**) is eliminated.

  (B) If the Covered Property is subject to the Causes of Loss – Special Form **(CP T1 08)**, coverage on glass is **broadened**. Coverage under **CP T1 08** is expanded to include glass breakage caused by a cause of loss that is not otherwise excluded, and damage caused by chemicals applied to glass. (The coverage for glass breakage is accomplished by removal of a previous limitation.) The new edition of **CP T1 08** also includes an Additional Coverage Extension pertaining to temporary plates and removal of obstructions.

- If your previous policy included Glass Coverage Form **CP T1 05** and Covered Property is subject to the Causes of Loss – Special Form **(CP T1 08)** under your new policy coverage for glass breakage is **reduced** in that **CP T1 08** does not cover earthquake or flood. But if your policy is endorsed to cover earthquake and flood (separate endorsements), then glass coverage under the new policy is substantially equivalent to the old.

CAUSES OF LOSS FORMS

BROADENED FEATURES OF CAUSES OF LOSS - BASIC FORM **(CP T1 06 01 03)**

1. On the previous form, loss or damage to glass that is part of a building, structure or outside sign due to vandalism was not covered. That exclusion has been removed and loss or damage to building glass is now covered if caused by any Covered Cause of Loss and Outside Signs are covered under the Outside Signs Coverage Extension in the Building and Personal Property Coverage Form, Condominium Association Coverage Form or Condominium Commercial Unit-Owners Coverage Form up to $2,500 in any one occurrence.

RESTRICTIVE FEATURES OF CAUSES OF LOSS - BASIC FORM **(CP T1 06 01 03)**

1. The following has been added to the Exclusions. We will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
2. The following Exclusion has been added. We will not pay for loss or damage caused by or resulting from neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused by or resulting from direct physical loss or damage to the following property while outside of buildings:
   a. Harvested grain, hay, straw, or other crops.
   b. Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), growing crops, land or water.
   c. Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers.
4. The previous policy contained a Limitation of coverage for vacant property. However, that Limitation did not apply if the vacant property was identified in the Declarations. That Limitation now applies to any vacant property, even if it has been identified in the Declarations.
5. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused directly or indirectly by the failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs outside of a covered building.

   But if the failure or fluctuation of power or other utility service results in loss or damage by a specified cause of loss, we will pay for that loss or damage resulting from that specified cause of loss.

BROADENED FEATURES OF CAUSES OF LOSS - BROAD FORM **(CP T1 07 01 03)**

1. On the previous form, loss or damage to glass that is part of a building, structure or outside sign due to vandalism was covered for a limited dollar amount. That limitation has been removed and loss or damage to building glass is now covered if caused by any Covered Cause of Loss and outside signs are covered under the Outside Signs Coverage Extension in the Building and Personal Property Coverage Form, the Condominium Association Coverage Form and the Condominium Commercial Unit-Owners Coverage Form up to $2,500 in any one occurrence.
2. On the previous form, loss or damage to gutters and downspouts due to the weight of snow, ice or sleet was excluded. This exclusion has been removed.

RESTRICTIVE FEATURES OF CAUSES OF LOSS - BROAD FORM **(CP T1 07 01 03)**

1. The following Exclusion has been added. We will not pay for loss or damage caused by or resulting from neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
2. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused by or resulting from direct physical loss or damage to the following property while outside of buildings:
   a. Harvested grain, hay, straw, or other crops.
   b. Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), growing crops, land or water.
   c. Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers.

3. The previous form contained a Limitation of coverage for vacant property. However, that Limitation did not apply if the vacant property was identified in the Declarations. This Limitation now applies to any vacant property, even if it has been identified in the Declarations.
4. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused directly or indirectly by the failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs outside of a covered building.

   But if the failure or fluctuation of power or other utility service results in loss or damage by a specified cause of loss, we will pay for that loss or damage resulting from that specified cause of loss.

BROADENED FEATURES OF CAUSES OF LOSS - SPECIAL FORM **(CP T1 08 01 03)**

1. The Legal Proceedings Exclusion has been deleted.
2. An exception has been added to the exclusion for loss or damage due to the discharge, dispersal, seepage, migration, release or escape of pollutants unless caused by a specified cause of loss. It does not apply to damage to glass caused by chemicals applied to the glass.
3. On the previous form, loss or damage to gutters and downspouts due to the weight of snow, ice or sleet was excluded. This exclusion has been removed.
4. On the previous form, loss or damage to glass that is part of a building or structure was covered for a limited dollar amount unless the loss was caused by a specified cause of loss. This limitation has been removed and loss or damage to building glass is now covered if caused by any Covered Cause of Loss.
5. The previous form limited coverage on builders' machinery, tools and equipment to losses due to building glass breakage or a specified cause of loss unless the property was located on the described premises. This has been expanded to cover this property if located on or within 1,000 feet of the described premises.
6. For certain types of property, losses due to theft are subject to a dollar limitation. These theft coverage amounts are increased as follows:
   a. $2,500 to $5,000 for furs, fur garments and garments trimmed with fur.
   b. $2,500 to $5,000 for jewelry, watches, jewels, pearls, precious stones and similar items.
   c. $5,000 to $25,000 for patterns, dies, molds and forms.
   d. $250 to $1,000 for stamps, tickets, including lottery tickets held for sale, and letters of credit.
7. The previous form limited coverage on valuable papers and certain types of EDP data and media to losses due to building glass breakage or a specified cause of loss. This limitation has been removed.
8. An Additional Coverage Extension for glass has been added. If there is loss or damage to covered glass we will now pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed and we will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building.

RESTRICTIVE FEATURES OF CAUSES OF LOSS - SPECIAL FORM **(CP T1 08 01 03)**

1. The following Exclusion has been added. We will not pay for loss or damage caused by or resulting from neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
2. An Exclusion has been added for loss or damage to personal property caused by changes in flavor, color, texture or finish.
3. An Exclusion has been added for loss or damage to personal property caused by evaporation or leakage.
4. An Exclusion has been added for loss or damage caused by contamination by other than pollutants.
5. The following has been added to the Exclusions. Loss or damage due to the presence or condensation of humidity, moisture or vapor, which occurs over a period of 14 days or more.

6. The previous form excluded loss or damage due to voluntary parting with any property if induced to do so by any fraudulent scheme, trick, device or false pretense. These conditions have been removed and any voluntary parting with property is now excluded.
7. An Exclusion has been added for the cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested, repaired, restored, retouched or otherwise being worked upon.
8. The exception stating that the fragile articles limitation did not apply to photographic or scientific instrument lenses has been deleted. Loss or damage to these items is now excluded unless caused by building glass breakage or a specified cause of loss.
9. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused directly or indirectly by the failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs outside of a covered building.

   But if the failure or fluctuation of power or other utility service results in loss or damage by a specified cause of loss, we will pay for that loss or damage resulting from that specified cause of loss.
10. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused by or resulting from direct physical loss or damage to the following property while outside of buildings:
    a. Harvested grain, hay, straw, or other crops.
    b. Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), growing crops, land or water.
    c. Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers.

COVERAGE ENDORSEMENTS

BROADENED FEATURES OF CAUSES OF LOSS – BROAD FORM FLOOD ENDORSEMENT **(CP T3 02 01 03)**

1. A new Additional Coverage has been added to cover the expense of Debris Removal following a covered flood loss. This includes removal of debris that has floated off the described premises. Debris Removal does not include the removal of mud or earth.

   Debris Removal expenses are now covered up to the Limit of Insurance that applies to the flood coverage. This had previously been limited under the Building and Personal Property Coverage Form, the Condominium Association Coverage Form and the Condominium Commercial Unit-Owners Coverage Form.

RESTRICTIVE FEATURES OF CAUSES OF LOSS – BROAD FORM FLOOD ENDORSEMENT **(CP T3 02 01 03)**

1. Any loss or damage caused by flood that begins at a covered premises before or within 72 hours after the inception date of the flood coverage is no longer covered under this endorsement. In addition, the cost of restoring, recovering or de-watering land and any loss resulting from the time required to restore, recover or dewater land is not covered.

BROADENED FEATURES OF REPLACEMENT COST PLUS ENDORSEMENT **(CP T3 09 01 03)**

1. The penalty which applies if new items in excess or $5,000 are not reported in a timely manner has been changed to new items in excess of $10,000.

RESTRICTIVE FEATURES OF REPLACEMENT COST PLUS ENDORSEMENT **(CP T3 09 01 03)**

1. Payment under this endorsement has been further limited as we will not pay more than 125% of the Limit of Insurance shown in the Declarations for the covered buildings.

BROADENED FEATURES OF CAUSES OF LOSS – EARTHQUAKE ENDORSEMENT **(CP T3 33 01 03)**

1. Tanks and tunnels connected to buildings are now covered as underground items.

RESTRICTIVE FEATURES OF CAUSES OF LOSS – EARTHQUAKE ENDORSEMENT **(CP T3 33 01 03)**

1. We will not pay for loss or damage caused directly or indirectly by flood, waves, tides, tidal waves, release of water impounded by a dam or water or sewage that backs up or overflows from a sewer, drain or sump, even if caused by an Earthquake or Volcanic Eruption.

BROADENED FEATURES OF BUILDING OWNERS EXTRA ENDORSEMENT **(CP T3 37 01 03)**

1. Coverage for outside bridges was not provided in the previous endorsement. They are now covered for up to $10,000 in the Building and Personal Property Coverage Form.
2. Electronic Data Processing Equipment and Electronic Data Processing Data and Media have been added to the items covered under the Appurtenant Buildings and Structures Coverage Extension.

RESTRICTIVE FEATURES OF BUILDING OWNERS EXTRA ENDORSEMENT **(CP T3 37 01 03)**

1. The following items are no longer covered under this endorsement: Retaining walls, foundations, outside signs, and radio and television antennas (including microwave or satellite dishes).
2. The following Exclusion has been added for any Business Income or Extra Expense coverage. We will not pay for any loss caused by or resulting from direct physical loss or damage to the following property while outside of buildings:
    a. Harvested grain, hay, straw, or other crops.
    b. Outdoor trees, shrubs, plants, lawns (including fairways, greens and tees), growing crops, land or water.
    c. Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers.

BROADENED FEATURES OF PROPERTY EXTRA ENDORSEMENT **(CP T3 38 01 03)** AND SELECT PROPERTY EXTRA ENDORSEMENT **(CP T3 54 01 03)**

1. Coverage for outside bridges was not provided in the previous endorsement. They are now covered for up to $10,000 in the Building and Personal Coverage Form.
2. The Increased Cost of Construction or Repair Additional Coverage has been increased from $10,000 to $25,000.
3. The Fire Protective Equipment Discharge Additional Coverage has been increased from $5,000 to $10,000.
4. A new Additional Coverage has been added for Brands and Labels. This will now pay for the reasonable costs to stamp the word 'Salvage' on, or remove any brands or labels from damaged merchandise.
5. The Personal Effects and Property of Others Coverage Extension has been increased from $10,000 to $25,000. The sub-limit for Personal Property of Employees has been increased from $2,500 to $5,000.
6. The Valuable Papers and Records – Cost of Research Coverage Extension has been increased from $15,000 to $25,000.
7. The Property Off-Premises Coverage Extension has been increased from $15,000 to $25,000 for property at installation premises or temporary storage premises and from $15,000 to $50,000 for property at other locations described in the Extension.
8. The Extra Expense Coverage Extension has been increased from $2,500 to $5,000.
9. The Accounts Receivable Coverage Extension has been increased from $15,000 to $25,000.
10. The Covered Property In Transit Coverage Extension has been increased from $15,000 to $25,000.
11. The Duplicate Electronic Data Processing Data and Media Coverage Extension has been increased from $10,000 to $25,000.

12. Electronic Data Processing Equipment and Electronic Data Processing Data and Media have been added to the items covered under the Appurtenant Buildings and Structures Coverage Extension.
13. When either the Business Income (And Extra Expense) or Business Income (Without Extra Expense) Coverage Forms are attached to the policy, the Claim Data Expense Coverage Extension has been increased from $2,500 to $5,000.
14. Two new Coverage Extensions have been added when either the Business Income (And Extra Expense) or Business Income (Without Extra Expense) Coverage Forms are attached to the policy:

    The Ordinance or Law – Increased Period of Restoration coverage extends Business Income coverage to include the amount of actual and necessary loss you sustain during the period of suspension of operations caused by or resulting from the enforcement of certain ordinances or laws. The Limit of Insurance for this coverage is $25,000.

    The Business Income From Dependent Property coverage extends Business Income to cover the loss of Business Income you sustain due to suspension of your operations during the period of restoration that is caused by certain direct physical loss or damage that occurs at locations operated by others that your business depends on. The Limit of Insurance for this coverage is $5,000.

RESTRICTIVE FEATURES OF PROPERTY EXTRA ENDORSEMENT **(CP T3 38 01 03)** AND SELECT PROPERTY EXTRA ENDORSEMENT **(CP T3 54 01 03)**

1. The following items are no longer covered under this endorsement: Retaining walls, foundations, outside signs, and radio and television antennas (including microwave or satellite dishes). However, they can be added under the Building and Personal Property Coverage Form.
2. The Additional Coverage Extension for Water Damage is no longer provided under this endorsement.

BROADENED FEATURES OF SEWER OR DRAIN BACK UP EXTENSION ENDORSEMENT **(CP T3 39 01 03)**

None.

RESTRICTIVE FEATURES OF SEWER OR DRAIN BACK UP EXTENSION ENDORSEMENT **(CP T3 39 01 03)**

1. Coverage has been deleted for water that backs up from a sump.

BROADENED FEATURES OF BUILDING REPRODUCTION COST ENDORSEMENT **(CP T3 49 01 03)**

None.

RESTRICTIVE FEATURES OF BUILDING REPRODUCTION COST ENDORSEMENT **(CP T3 49 01 03)**

1. Coverage for the increased cost to repair, rebuild or construct the property when it is caused by the enforcement of a building, zoning or land use ordinance or law has been deleted from this endorsement.

BROADENED FEATURES OF GOLF CLUB ENDORSEMENT **(CP T8 93 01 03)**

1. The Fire Protective Equipment Discharge Additional Coverage has been increased from $5,000 to $10,000.
2. Coverage under the Vehicle Damage Additional Coverage has been broadened as damage will now be covered if the vehicle is within 1,000 feet of the described premises, instead of within 500 feet.
3. Coverage for Personal Effects has been broadened as losses are now covered if the property is within 1,000 feet of the described premises, instead of within 500 feet. The limit for Personal Effects has been increased from $5,000 to $10,000.
4. Coverage under the Property Off-Premises Coverage Extension has been expanded from Your Business Personal Property to Your Covered Property and the 90 day limitation has been removed.

RESTRICTIVE FEATURES OF GOLF CLUB ENDORSEMENT **(CP T8 93 01 03)**

1. The Off-Premises Power Failure Additional Coverage has been deleted.
2. The $1,000 per item limit that applies to athletic equipment in the Personal Property Of Others Coverage Extension has been amended to $1,000 per person.

3. The Property Off-Premises Coverage Extension in this endorsement no longer covers property in transit. However, $10,000 coverage is now provided in the Building and Personal Property Coverage Form.
4. Outside signs are no longer covered under this endorsement. However, $2,500 coverage is now provided in the Building and Personal Property Coverage Form.

BROADENED FEATURES OF SELECT PROPERTY EXTRA – WHOLESALERS AND MANUFACTURERS ENDORSEMENT **(CP T3 59 01 03)**, SELECT PROPERTY EXTRA – PRINTERS ENDORSEMENT **(CP T3 90 01 03)** AND SELECT PROPERTY EXTRA – FINE DINING ENDORSEMENT **(CP T3 91 01 03)**

1. The Fire Protective Equipment Discharge Additional Coverage has been increased from $5,000 to $10,000.
2. The Personal Effects and Property of Others Coverage Extension has been increased from $10,000 to $25,000. The sub-limit for Personal Property of Employees has been increased from $2,500 to $5,000.
3. The Property Off-Premises Coverage Extension for locations other than installation premises or temporary storage premises has been increased from $25,000 to $50,000.
4. The Extra Expense Coverage Extension has been increased from $2,500 to $5,000.
5. The Duplicate Electronic Data Processing Data and Media Coverage Extension has been increased from $10,000 to $25,000.
6. Electronic Data Processing Equipment and Electronic Data Processing Data and Media have been added to the items covered under the Appurtenant Buildings and Structures Coverage Extension.
7. Coverage for outside bridges was not provided in the previous endorsement. However, they are now covered for up to $10,000 in the Building and Personal Property Coverage Form.
8. When either the Business Income (And Extra Expense) or the Business Income (Without Extra Expense) Coverage Forms are attached to the policy, the Limit of Insurance that applies to the Claim Data Expense Coverage Extension is increased from $2,500 to $5,000.

RESTRICTIVE FEATURES OF SELECT PROPERTY EXTRA – WHOLESALERS AND MANUFACTURERS ENDORSEMENT **(CP T3 59 01 03)**, SELECT PROPERTY EXTRA – PRINTERS ENDORSEMENT **(CP T3 90 01 03)** AND SELECT PROPERTY EXTRA – FINE DINING ENDORSEMENT **(CP T3 91 01 03)**

1. The following items are no longer covered under this endorsement: Retaining walls, outside signs, and radio and television antennas (including microwave or satellite dishes). However, they can be added under the Building and Personal Property Coverage Form.
2. The Additional Coverage Extension for Water Damage is no longer provided under this endorsement.
3. (Wholesalers/Manufacturers and Printers Endorsements only). When either the Business Income (And Extra Expense) or the Business Income (Without Extra Expense) Coverage Forms are attached to the policy, the Limit of Insurance under the Contract Penalty Clause Coverage Extension has been decreased from $25,000 per occurrence to a total of $25,000 for each separate 12-month period of the policy.

BROADENED FEATURES OF PROPERTY EXTRA PLUS ENDORSEMENT **(CP T3 63 01 03)**

1. The Property Off-Premises Coverage Extension has been increased from $10,000 to $25,000 for property at installation premises or temporary storage premises and has been increased from $25,000 to $50,000 for other covered locations.
2. Electronic Data Processing Equipment and Electronic Data Processing Data and Media have been added to the items covered under the Appurtenant Buildings and Structures Coverage Extension.

RESTRICTIVE FEATURES OF PROPERTY EXTRA PLUS ENDORSEMENT **(CP T3 63 01 03)**

1. The following items are no longer covered under this endorsement: Retaining walls, foundations, outside signs, and radio and television antennas (including microwave or satellite dishes). However, they can be added under the Building and Personal Property Coverage Form.
2. The Limit of Insurance under the Money and Securities Coverage Extension for money or securities in the custody of a messenger has been reduced from $25,000 to $5,000. In addition, exclusions have been added

for accounting or arithmetical errors, voluntary parting with the property and, under certain circumstances, loss of money contained in any money operated device.

3. The Architect, Engineering or Consulting Fees Additional Coverage is no longer provided under this endorsement. However, coverage may be provided in the Building and Personal Property Coverage Form if the Optional Coverage – Replacement Cost is purchased.
4. The Extended Warrantees for Personal Property Coverage Extension is no longer provided under this endorsement.
5. The Additional Coverage Extension for Water Damage is no longer provided under this endorsement.

BROADENED FEATURES OF TECHNOLOGY PROPERTY EXTRA ENDORSEMENT **(CP T3 66 01 03)**

1. The Fire Protective Equipment Discharge Additional Coverage has been increased from $10,000 to $15,000.
2. The Property Off-Premises Coverage Extension for locations other than installation premises or temporary storage premises has been increased from $25,000 to $50,000.
3. The Outdoor Property Coverage Extension has been increased from $25,000 to $30,000.
4. The Duplicate Electronic Data Processing Data and Media Coverage Extension has been increased from $10,000 to $20,000.
5. The Electronic Data Processing Equipment and Data and Media – Limited Coverage Extension has been increased from $10,000 to $25,000.
6. Electronic Data Processing Equipment and Electronic Data Processing Data and Media have been added to the items covered under the Appurtenant Buildings and Structures Coverage Extension.
7. Electronic Data Processing Equipment has been added to the items covered under the Overseas Business Travel Coverage Extension.

RESTRICTIVE FEATURES OF TECHNOLOGY PROPERTY EXTRA ENDORSEMENT **(CP T3 66 01 03)**

None.

BROADENED FEATURES OF BRANDS AND LABELS ENDORSEMENT **(CP 04 01 10 00)**

1. This endorsement permits the insured to stamp 'salvage' on merchandise that is being taken by the insurer, or remove the brands or labels, subject to certain conditions. Coverage is now included for the costs incurred in performing either of these activities. This coverage does not increase the applicable Limit of Insurance.

RESTRICTIVE FEATURES OF BRANDS AND LABELS ENDORSEMENT **(CP 04 01 10 00)**

None.

BROADENED FEATURES OF BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM **(CP 15 08 10 00)** AND BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM **(CP 15 09 10 00)**

None.

RESTRICTIVE FEATURES OF BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM **(CP 15 08 10 00)** AND BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM **(CP 15 09 10 00)**

1. The period of restoration definition is revised to provide that Business Income coverage begins 72 hours after the time of direct physical loss or damage. Business Income coverage is reduced to the extent that losses are incurred during the first 72 hours following the time of direct physical loss or damage.

BROADENED FEATURES OF UTILITY SERVICES – TIME ELEMENT **(CP T3 76 01 03)** FORMERLY OFF PREMISES SERVICES – TIME ELEMENT **(CP 15 45 07 08)**

None.

RESTRICTIVE FEATURES OF UTILITY SERVICES – TIME ELEMENT **(CP T3 76 01 03)** FORMERLY OFF PREMISES SERVICES – TIME ELEMENT **(CP 15 45 07 08)**

1. The 12-hour waiting period clause in the previous endorsement is increased to 24-hours.

ORDINANCE OR LAW COVERAGE ENDORSEMENT (CP 04 05 10 00)

A basic change has been made in the way Ordinance or Law Coverage is provided. The three coverages found under the previous Ordinance or Law endorsement, specifically, Coverage for Loss to the Undamaged Portion of the Building, Demolition Cost and Increased Cost of Construction have been separated. Coverage can be purchased for any, or all, of the three. A Limit of Insurance must now be selected individually for Demolition Cost and Increased Cost of Construction in order for these coverages to apply. Other changes have been made to the endorsement which will both broaden and restrict coverage.

BROADENED FEATURES OF ORDINANCE OR LAW

1. Coverage is broadened as the Coinsurance condition no longer applies to either the Demolition Cost or Increased Cost of Construction coverage.
2. If the damaged building is replaced at another premises because relocation is required by ordinance or law, Increased Cost of Construction is applicable at the new location, subject to its Limit of Insurance. Previously, payment for a building at a new premises was limited to what it would have cost to rebuild at the original premises.
3. The cost of excavations, grading, backfilling and filling, and the repair of foundations, pilings, and underground pipes, flues and drains will now be covered under the Increased Cost of Construction limit, if that coverage is selected.

RESTRICTIVE FEATURES OF ORDINANCE OR LAW

1. Because the three coverages have been separated, a limit of insurance must be selected for Demolition Cost and/or Increased Cost of Construction coverage. There must be a Limit of Insurance shown in the endorsement schedule for each particular coverage or it will not apply.
2. The previous rules for Ordinance or Law Coverage required that building valuation be on a Replacement Cost basis. The new rules require Replacement Cost coverage only for the Increased Cost of Construction coverage. If your renewal policy changes coverage from a Replacement Cost basis to Actual Cash Value basis, the change represents a reduction in coverage.
3. Coverage under this endorsement now only applies in response to the minimum requirements of an ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.
4. Coverage is reduced by the addition of an exclusion which precludes coverage for preexisting violations, where you were required to comply with an ordinance or law prior to loss, but violated such requirement.

BROADENED FEATURES OF ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION **(CP 15 31 10 00)**

None.

RESTRICTIVE FEATURES OF ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION **(CP 15 31 10 00)**

1. Business Income coverage begins 72 hours after the time of direct physical loss or damage. Therefore, Business Income coverage is reduced to the extent that losses are incurred during the first 72 hours following the time of direct physical loss or damage.

DEDUCTIBLES

The minimum policy deductible in the Commercial Property Coverage Part has been increased from $250 to $500. If your policy currently has a $250 deductible, it will automatically be renewed with a $500 deductible.

POLICYHOLDER NOTICE – ASBESTOS

Asbestos has long been a difficult problem for society as a whole and the insurance industry in particular. As a consequence, we are attaching an asbestos exclusion to your policy.

If you have questions about your insurance program, please contact your agent or local representative.

EXHIBIT 2

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ACADEMYONE, INC.,

Plaintiff,

v.

COLLEGESOURCE, INC.,

Defendant.

FILED
DEC - 8 2008
MICHAEL E. KUNZ, Clerk
By Dep. Clerk

CIVIL ACTION

NO. 08 5707

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff AcademyOne, Inc. brings this civil action against defendant CollegeSource, Inc. seeking legal and equitable relief and, in support thereof, avers as follows:

THE PARTIES

1. AcademyOne is a Pennsylvania corporation with a principal place of business at 601 Willowbrook Lane, West Chester, Pennsylvania 19382.

2. CollegeSource is a California corporation with a principal place of business at 8090 Engineer Road, San Diego, California 92111.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1338 and 1332. It also has jurisdiction because plaintiff is diverse from defendant, and the amount in controversy exceeds $75,000.

4. Venue is proper in this Court under 28 U.S.C. § 1391(b) in that a substantial part of the events giving rise to the claims occurred in this district.

EXHIBIT
2
ALL-STATE LEGAL®

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FACTS

AcademyOne Developed and Marketed a New Electronic Educational Information System

5. AcademyOne provides an electronic system via the internet that allows college students and administrators to assess the equivalency of courses at different colleges and universities for purposes of transfer.

6. AcademyOne's business focus is improving the efficiency and reducing the cost of the college transfer process for both students and educational institutions. To do this, AcademyOne in mid-2005 developed a number of electronic systems. The centerpieces of AcademyOne's business are the National Course Atlas, which provides a catalog of current course information at educational institutions across the country, and the Course Equivalency Management Center ("CEMC"), which provides an online means for comparing the academic equivalence of courses at different institutions.

7. Other AcademyOne systems allow institutions to create and centralize transfer agreements and policies, assist counselors and advisors interacting with potential transferees, assess credit equivalency of courses between academic institutions and provide a means for students and institutions to easily access all available information.

8. Upon information and belief, no such comprehensive national electronic system existed at the time AcademyOne developed its business plan and related products.

9. On June 9, 2006, AcademyOne filed initial U.S. patent applications for its primary systems, the National Course Atlas and CEMC.

10. Over the course of several months, between September 2006 and March 2007, AcademyOne began culling college and university course listings from thousands of

current college and university course catalogs or directly from institutions' websites to pre-load into its system.

11. On November 1, 2006, AcademyOne registered www.collegetransfer.net as a domain name for hosting and offering its products and services over the internet.

12. AcademyOne launched that site and www.courseatlas.com in March 2007.

13. AcademyOne collected course descriptions for its database of current college catalogs in part by visiting approximately 4,000 colleges' and universities' websites. Many of these websites provided links to .pdf files of the institution's annual course catalog. Others provided course descriptions directly on their webpages. AcademyOne uploaded the course descriptions to its database in batches.

14. AcademyOne delivers its products to consumers via the internet. It maintains a website accessible to any internet user. Many of AcademyOne's student- and faculty-focused tools are available without charge, including the National Course Atlas. The more advanced systems, such as the CEMC, are available only on a paid subscription basis. Subscribers are typically academic institutions and state higher education agencies. AcademyOne makes its money only from its subscribers, not from its student and faculty users who access the system for informational purposes.

15. AcademyOne's patent applications for the CEMC and National Course Atlas were published by the U.S. Patent Office in December 2007.

The Non-Profit Career Guidance Foundation

16. In December 1971, the Career Guidance Foundation ("CGF") incorporated as a not-for-profit entity in Delaware under the name Educational Information Services, Inc. CGF's stated goal was to develop nationally coordinated education information systems.

17. CGF's certificate of incorporation prohibited the organization's property or assets from going to any for-profit entity upon dissolution.

18. In 1980, then officially named CGF, the foundation set up a principal place of business in California.

19. From its founding, CGF's primary activity involved collecting and archiving course catalogs and descriptions from colleges and universities for institutional and student use. CGF did not write any of the course descriptions in its course library.

20. Beginning in 1996, CGF put college and university course materials online.

CGF Dissolved and Transferred Its Assets to For-Profit CollegeSource, Inc.

21. In March 2001, the Internal Revenue Service notified CGF that it was revoking its tax-exempt status, retroactive to 1996, due to activities that generated profit for CGF officers. CGF challenged the revocation through a declaratory judgment action.

22. In 2004, while the declaratory judgment action was pending, CGF began preparing to dissolve and reconstitute as a for-profit entity. The California Attorney General approved a plan by CGF to transfer its assets to the non-profit San Diego Community Foundation, which would then sell the assets, based on an independent appraisal, to a for-profit entity owned by CGF's director, Harry Cooper.

23. Career Guidance, Inc., which later changed its name to CollegeSource, Inc., incorporated as a for-profit entity in California in March 2004.

24. Between June and August 2004, CGF terminated its business and wound up its operations. Specifically, it dissolved as a corporation in Delaware and revoked its foreign corporation standing in California.

CGF Never Transferred Copyrights to CollegeSource

25. In May 2004, during the transfer process, CollegeSource purchased CGF's trademark rights. Upon information and belief, neither CollegeSource nor Career Guidance, Inc. bought any copyrights or copyrighted material from CGF.

26. Shortly thereafter, CGF transferred all of its assets to the San Diego Community Foundation. The enumerated list of assets, based on a December 2002 appraisal by CGF's own accounting firm -- not an independent accountant -- included only tangible assets. The list did not include any copyrights, and, upon information and belief, no copyrights were transferred.

27. Upon information and belief, CollegeSource immediately purchased all of the assets that the San Diego Community Foundation purchased from CGF, but did not buy any copyrights or other intangibles.

CollegeSource Began Operating as the Purported Successor of CGF and Continues to Use CGF's Entity Status

28. CollegeSource has been operating since 2004 as the purported successor of CGF. It claims to have existed since 1971, even though CGF dissolved in 2004.

29. CollegeSource's business consists of maintaining and updating a library of .pdf college and university course catalogs and, most recently, providing online transfer evaluation systems for institutions. The former area is a continuation of CGF's operations.

30. CollegeSource has improperly placed copyright registration notices on materials from CGF, which it makes publicly available. Also, CollegeSource improperly maintains CGF's copyright notices on other publicly available materials.

31. CollegeSource purports to assert CGF's rights in the terms of use it posts on its website and in course catalogs, stating that certain actions cannot be taken "without the

express written consent of CollegeSource ® and Career Guidance Foundation" and that "CollegeSource ® and Career Guidance Foundation reserves [sic] the right to revoke such authorization at any time, and any such use shall be discontinued immediately upon written notice from CollegeSource ® and Career Guidance Foundation."

32. Upon information and belief, CollegeSource misleadingly used CGF's name after its dissolution as a conduit for receiving money:

a. Three educational institutions in Tennessee paid CGF a total of $6,830 for access to CollegeSource products in 2007 and 2008.

b. CGF received a payment of $1,213.00 in late 2006 from the College of the Sequoias Community College District.

c. The Dallas Community College District planned to pay CGF $11,330 on a service contract as of August 2006.

33. CollegeSource maintains the websites cgf.org, collegesource.org and tes.collegesource.org using a domain name extension reserved for not-for-profit entities. The two collegesource.org websites were originally registered by CGF in 1997, then re-registered by CGF in 2007, three years after CGF's dissolution. CGF registered the cgf.org website in 1995. Cgf.org was re-registered in 2008 by CollegeSource, four years after CGF's dissolution.

34. On October 27, 2008, CollegeSource filed a complaint in a California court improperly casting itself as the successor in interest to CGF.

35. CollegeSource charges a fee for access to most items in its course library, which users access primarily over the internet.

College Source Developed TES to Compete with CEMC

36. Upon information and belief, CollegeSource began developing TES, its transfer evaluation system, in 2005. Also upon information and belief, CollegeSource Chief Executive Officer Kerry Cooper became aware of TES's limitations when she attended a "webinar" hosted by AcademyOne that allowed her to view the basic aspects of CEMC, and, most significantly, AcademyOne's marketing strategies for its products.

37. Upon information and belief, in April 2007, CollegeSource formally launched its TES Transfer Evaluation product and began to directly compete with CEMC. Before developing TES, CollegeSource did not directly compete with AcademyOne.

38. CollegeSource charges a fee for the use of TES and provides access to TES via the internet.

CollegeSource Registered a Domain Name Nearly Identical to AcademyOne's

39. On October 8, 2007, CollegeSource purchased the www.collegetransfer.com domain name and set it to link directly to its homepage, www.collegesource.com. With the exception of the extension, the domain name is identical to AcademyOne's website, www.collegetransfer.net, which is widely recognized by prospective transfer students.

40. Upon information and belief, prior registration of the www.collegetransfer.com domain name by a different registrant dating from 2002 served as a placeholder, and the website had no content.

41. Currently, CollegeSource's website features its TES application and advertises the ability to "Evaluate Coursework," "Manage Equivalencies" and "Improve Transfer!"

42. CollegeSource's use of www.collegetransfer.com is likely to cause confusion in the marketplace about source and origin of its goods and services. The average internet user who visits www.collegetransfer.com is likely to be unaware that the products it finds on that website are not supplied by AcademyOne, as they are at www.collegetransfer.net. This likelihood of confusion has caused and is causing harm to AcademyOne.

CollegeSource Alleged Copyright Infringement

43. In the spring of 2007, Kerry Cooper requested a meeting with AcademyOne Chief Executive Officer David Moldoff. At that meeting, Cooper gave Moldoff a letter alleging copyright infringement. The letter demanded removal of material from AcademyOne's website, a public apology and damages. Specifically, it referenced 700 .pdf files out of 18,000 that AcademyOne had posted on its website just one week prior, and claimed that the disputed .pdf's contained CollegeSource's and CGF's embedded copyright notices.

44. AcademyOne collected information for its database of current college catalogs in part by visiting approximately 4,000 colleges' and universities' websites, not by visiting CollegeSource's library. Many of these websites provided links to .pdf files of the institution's annual course catalog. AcademyOne clicked on these links from college and university websites to gather catalogs for its course database. Unbeknownst to AcademyOne, links from some of these websites automatically accessed .pdf files supposedly located on CollegeSource's server. Some may have even been on the college or university website servers. AcademyOne also obtained much of its data directly from educational institutions.

45. Within several hours of Moldoff's meeting with Cooper, AcademyOne removed all of the .pdf files, but did not admit or agree that CollegeSource had rights in them. AcademyOne did not retain any copies of the files on its servers. AcademyOne does not possess other files, either on its computers or website, digitized by CollegeSource.

46. On May 4, 2007, Cooper sent Moldoff another letter demanding removal of all course descriptions and a public statement to all AcademyOne users that the .pdf files and other data on its website were property of CollegeSource obtained without permission. Moldoff rejected these demands.

47. Although AcademyOne did not infringe on any copyrights, it re-collected course descriptions from institution websites and used the newly collected data to replaced prior versions.

South Carolina Awarded AcademyOne a Contract

48. On May 29, 2008, AcademyOne and CollegeSource both submitted bids to the South Carolina Commission for Higher Education.

49. South Carolina announced its intent to award a contract to AcademyOne on June 25, 2008.

50. CollegeSource filed a protest of South Carolina's decision on July 7, 2008, citing AcademyOne's "use[], without permission, [of] the intellectual property of its competitors" as one basis for challenging the contract. CollegeSource sought elimination of AcademyOne's offer and the award of the contract to the next highest scorer, or the institution of a new bidding process. On November 14, 2008, CollegeSource informed AcademyOne that it would not pursue an intellectual property claim as one of the bases to challenge the contract award.

51. On August 25, 2008, the South Carolina Chief Procurement Officer denied CollegeSource's protest.

52. CollegeSource filed an appeal of the denial on September 4, 2008.

53. An Administrative Review Panel hearing is scheduled for the week of December 8, 2008. This Panel will hear CollegeSource's appeal and issue the final decision in the contract award, anticipated within thirty days of the hearing.

COUNT I - FALSE ADVERTISING UNDER 15 U.S.C. § 1125(a)

54. AcademyOne incorporates the allegations of paragraph 1 through 53, inclusive, of this Complaint as though the same were fully set forth herein.

55. CollegeSource misrepresents on its website and on its course catalog files that it holds a copyright in college and university catalog materials obtained from CGF. CollegeSource has been making such statements on its materials since its incorporation in 2004 and continues to do so through the present.

56. CollegeSource uses its website and its course materials for advertising and promotional purposes for its products.

57. CollegeSource's copyright notices and claims had the tendency to deceive a substantial segment of those who viewed them.

58. CollegeSource charges a fee for the use of its products. Such a fee is premised on CollegeSource's alleged exclusive rights in the materials.

59. CollegeSource's claim of exclusive rights to the course library materials is likely to influence a purchasing decision and is therefore material.

60. CollegeSource operates nationally and on the internet and thus has caused its false statements to enter interstate commerce.

61. CollegeSource's conduct is likely to and did confuse, mislead, or deceive customers or potential customers, and constitutes false advertising, in violation of 15 U.S.C.A. § 1125(a).

62. AcademyOne has been injured because, in an attempt to avoid a loss of goodwill associated with CollegeSource's false statements, AcademyOne underwent an expense and lost business time in redoing its data collection for allegedly infringing copyrighted works.

63. CollegeSource nonetheless improperly continues to lay public claim to copyrights it does not own in college course catalog materials, portions of which AcademyOne does or may use.

64. CollegeSource also continues to assert CGF's misleading claims of copyright ownership beyond the scope of data compilation.

65. CollegeSource's conduct is willful and malicious.

66. Damages alone do not adequately remedy the ongoing harm caused to AcademyOne by CollegeSource's false advertising.

WHEREFORE, plaintiff AcademyOne, Inc. respectfully requests that this Court:

a. Enjoin CollegeSource and its agents, servants, representatives, officers, directors, employees, affiliates and all persons acting in concert with them, directly or indirectly, from making further false statements of copyright ownership, pursuant to 15 U.S.C. § 1125(a);

b. Enjoin CollegeSource and its agents, servants, representatives, officers, directors, employees, affiliates and all persons acting in concert with them, directly or indirectly, from making further false statements of affiliation with CGF, pursuant to 15 U.S.C. § 1125(a);

c. Award AcademyOne monetary damages, pursuant to 15 U.S.C. § 1117;

d. Award AcademyOne exemplary damages and attorneys fees;

e. Grant AcademyOne such other relief as is just and proper.

COUNT II - TRADEMARK INFRINGEMENT AND FALSE DESIGNATION PURSUANT TO 15 U.S.C. § 1125(a)

67. AcademyOne incorporates the allegations of paragraph 1 through 66, inclusive, of this Complaint as though the same were fully set forth herein.

68. AcademyOne chose the domain name to correspond with the nature of its products.

69. AcademyOne's www.collegestransfer.net has become distinctive by acquiring a secondary meaning of association with AcademyOne's products and services.

70. CollegeSource registered www.collegetransfer.com on October 8, 2007.

71. CollegeSource's website differs from AcademyOne's only in the domain extension.

72. CollegeSource provided that the website www.collegetransfer.com would immediately link back to its own website.

73. CollegeSource's website www.collegetransfer.com is likely to cause confusion in the marketplace with AcademyOne's previously registered www.collegetransfer.net.

74. CollegeSource's actions were willful and malicious.

75. Damages alone do not adequately remedy the ongoing harm caused to AcademyOne by CollegeSource's dilution.

WHEREFORE, plaintiff AcademyOne, Inc. respectfully requests that this Court:

a. Enjoin CollegeSource and its agents, servants, representatives, officers, directors, employees, affiliates and all persons acting in concert with them, directly or indirectly, from using the domain name www.collegetransfer.com and to order

CollegeSource to transfer ownership of the domain name to AcademyOne, pursuant to 15 U.S.C. § 1125(a);

b. Award AcademyOne damages;

c. Grant AcademyOne such other relief as is just and proper.

COUNT III - CYBER-SQUATTING UNDER 15 U.S.C. § 1125(d)

76. AcademyOne incorporates the allegations of paragraph 1 through 75, inclusive, of this Complaint as though the same were fully set forth herein.

77. CollegeSource registered www.collegetransfer.com in bad faith.

78. CollegeSource had launched a product in competition with AcademyOne's at the time of its domain registration.

79. CollegeSource's purpose in registering the domain name was to draw business from AcademyOne's website.

80. Damages alone do not adequately remedy the ongoing harm caused to AcademyOne by CollegeSource's cyber-squatting.

81. CollegeSource's conduct was willful and malicious.

WHEREFORE, plaintiff AcademyOne, Inc. respectfully requests that this Court:

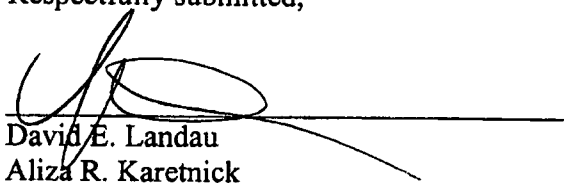
a. Enjoin CollegeSource and its agents, servants, representatives, officers, directors, employees, affiliates and all persons acting in concert with them, directly or indirectly, from using the domain name www.collegetransfer.com and to order CollegeSource to transfer ownership of the domain name to AcademyOne, pursuant to 15 U.S.C. § 1125(d);

b. Award AcademyOne monetary damages, pursuant to 15 U.S.C. § 1117;

c. Award AcademyOne exemplary damages and attorneys fees;

d. Grant AcademyOne such other relief as is just and proper.

Respectfully submitted,



David E. Landau
Aliza R. Karetnick
WolfBlock LLP
1650 Arch Street, 22nd Floor
Philadelphia, PA 19103
(215) 977-2052

Attorneys for Plaintiff, AcademyOne, Inc.

Dated: December 8, 2008

EXHIBIT 3

GAUNTLETT & ASSOCIATES
ATTORNEYS AT LAW

18400 Von Karman, Suite 300
Irvine, California 92612
Phone: (949) 553-1010
Facsimile: (949) 553-2050

Email: info@gauntlettlaw.com
Website: www.gauntlettlaw.com

Our File Number:
10584-001

June 1, 2009

CONFIDENTIAL INSURED-INSURER COMMUNICATION
This communication is an insured-insurer confidential communication. Any information disclosed by the insured or by independent counsel is not a waiver of the privilege as to any other party.

VIA UPS OVERNIGHT

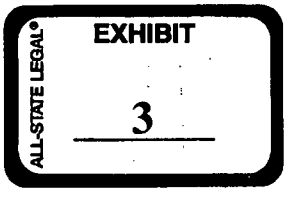
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA
One Tower Square
Hartford, CT 06183

Re: *AcademyOne, Inc. v. CollegeSource, Inc.*, U.S.D.C. for the Eastern District of Pennsylvania (Philadelphia), Civil Action No.: 2:08-cv-05707-JP ("*AcademyOne* suit")
Named Insured: CollegeSource, Inc.
Insurer: Travelers Property Casualty Company of America
Policy: Commercial General Liability Policy No. I-660-3905B356-TIL-08 (effective dates 11/25/08 to 11/25/09)
- **Notice of Claim**

Dear Claim Manager:

CollegeSource, Inc. has been sued in a lawsuit entitled *AcademyOne, Inc. v. CollegeSource, Inc.*, United States District Court, Eastern District of Pennsylvania, Case No. 2:08-cv-05707-JP ("*AcademyOne* suit"). We hereby give notice of claim of the *AcademyOne* suit on its behalf under the above-referenced policy, as well as any other insurance policies issued by or through your company, Travelers Property Casualty Company of America, or any of its affiliates, predecessors, successors or related companies that may provide coverage for this suit.

CollegeSource requests that Travelers defend it in the *AcademyOne* suit and also fulfill its settlement and indemnity obligations. In addition, we request that you notify all other appropriate insuring entities or individuals that are to receive notice of this claim.



A copy of plaintiff AcademyOne, Inc.'s complaint in the *AcademyOne* suit is enclosed. The complaint alleges "personal injury," advertising injury" and "website injury" by the insured within the meaning of the policy, including conduct potentially covered under Travelers' "infringement of copyright, title or slogan . . ." offense and defamation/disparagement offense.

A potential exists Travelers' policy will cover AcademyOne's damage allegations if the case proceeds to trial. We thus look forward to Travelers' prompt acknowledgment of its policy obligations.

Defense counsel, Darren J. Quinn of the Law Offices of Darren J. Quinn is currently defending the suit. Local Pennsylvania counsel is also defending.

Nothing stated herein should be deemed a waiver of any policy rights or benefits.

Very truly yours,

Joseph S. McMillen

JSM:pam
Enclosure: Underlying complaint filed 12/8/08

cc: GA Pearson & Associates
6225 Lusk Blvd., Ste. B
San Diego, Ca 92121

David A. Gauntlett, Esq. (via email)
William Woods, Esq. (via email)
Darren J. Quinn, Esq. (via email)
Client (via email)

EXHIBIT 4

GAUNTLETT & ASSOCIATES
ATTORNEYS AT LAW

18400 Von Karman, Suite 300
Irvine, California 92612
Phone: (949) 553-1010
Facsimile: (949) 553-2050

Email: info@gauntlettlaw.com
Website: www.gauntlettlaw.com

Our File Number:
10584-001

June 4, 2009

CONFIDENTIAL INSURED-INSURER COMMUNICATION
This communication is an insured-insurer confidential communication. Any information disclosed by the insured or by independent counsel is not a waiver of the privilege as to any other party.

VIA UPS OVERNIGHT

THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT
Attn: Claims Department
One Tower Square
Hartford, CT 06183

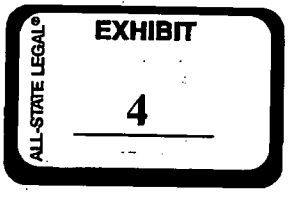
Re: *AcademyOne, Inc. v. CollegeSource, Inc.*, U.S.D.C. for the Eastern District of Pennsylvania (Philadelphia), Civil Action No.: 2:08-cv-05707-JP ("*AcademyOne* suit")
Named Insured: CollegeSource, Inc.
Insurer: The Travelers Indemnity Company of Connecticut
Policy: Commercial General Liability Policy No. I-660-3905B356-TCT-06 (effective dates 11/25/06 to 11/25/07)

- **Supplemental Notice of Claim**

Dear Claim Manager:

CollegeSource, Inc. has been sued in a lawsuit entitled *AcademyOne, Inc. v. CollegeSource, Inc.*, United States District Court, Eastern District of Pennsylvania, Case No. 2:08-cv-05707-JP ("*AcademyOne* suit"). We hereby give supplemental notice of claim[1] of the *AcademyOne* suit on its behalf under the above-referenced policy, as well as any other insurance policies issued by or through your company, The Travelers Indemnity Company of Connecticut, or any of its affiliates, predecessors, successors or related companies that may provide coverage for this suit.

[1]We gave notice to Travelers originally on June 1, 2009.



CollegeSource requests that Travelers defend it in the *AcademyOne* suit and also fulfill its settlement and indemnity obligations. In addition, we request that you notify all other appropriate insuring entities or individuals that are to receive notice of this claim.

A copy of plaintiff AcademyOne, Inc.'s complaint in the *AcademyOne* suit is enclosed. The complaint alleges "personal injury," advertising injury" and "website injury" by the insured within the meaning of the policy, including conduct potentially covered under Travelers' "infringement of copyright, title or slogan . . ." offense and defamation/disparagement offense.

A potential exists Travelers' policy will cover AcademyOne's damage allegations if the case proceeds to trial. We thus look forward to Travelers' prompt acknowledgment of its policy obligations.

Defense counsel, Darren J. Quinn of the Law Offices of Darren J. Quinn is currently defending the suit. Local Pennsylvania counsel is also defending.

Nothing stated herein should be deemed a waiver of any policy rights or benefits.

Very truly yours,

Joseph S. McMillen

JSM:pam
Enclosure: Underlying complaint filed 12/8/08

cc: GA Pearson & Associates
6225 Lusk Blvd., Ste. B
San Diego, Ca 92121

David A. Gauntlett, Esq. (via email)
William Woods, Esq. (via email)
Darren J. Quinn, Esq. (via email)
Client (via email)

EXHIBIT 5

TRAVELERS

Paul J. Cooper, CPCU
Senior Technical Specialist
The Travelers Companies, Inc.
(856) 703-2230
(877) 231-2506 (fax)
pjcooper@travelers.com

401 Route 73 North
30 Lake Center – Suite 110
Marlton, NJ 08053

June 16, 2009 **Certified Mail – Return Receipt Requested**

Joseph S. McMillen, Esq.
Gauntlett & Associates
18400 Von Karman
Suite 300
Irvine, CA 92612

RE: AcademyOne Inc. vs. CollegeSource, Inc.
USDC Eastern PA Ca No: 08-cv-5707

Our Insured: CollegeSource, Inc.
Our File: A4S5012

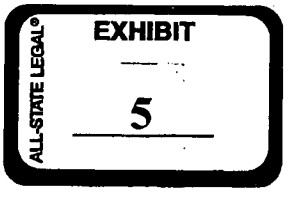
Dear Mr. McMillen:

We acknowledge receipt of the above referenced litigation. This matter has been reported to us under policy number 660-3905B356 which is issued by The Travelers Property Casualty Company of America ("Travelers") to CollegeSource, Inc. ("CollegeSource"). We have reviewed the allegations contained in the Complaint and we must respectfully advise you that this matter is not covered under the policy. Please let this letter explain our reasons for disclaiming coverage.

Please understand that, although Travelers is disclaiming coverage, on the basis discussed below, for damages sought and the claims asserted by the Plaintiff, we are not suggesting that the allegations have any legal or factual merit. We recognize that the allegations are without substantiation at this time. We are, however, required to apply the allegations as asserted to the terms of the above contract of insurance for the purposes of our coverage analysis.

AcademyOne, Inc. ("AcademyOne") has indicated that it provides an electronic system via the internet that allows college students and administrators to assess the equivalency of courses at different colleges and universities for purposes of transfer. AcademyOne states that on June 9, 2006 it filed initial U.S. patent applications for its primary systems, the National Atlas and CEMC. AcademyOne alleges that CollegeSource has been operating since 2004 as the purported successor of Career Guidance Foundation ("CGF"). AcademyOne alleges that CollegeSource has improperly placed copyright registration notices on materials from CGF, which it makes publically available. AcademyOne further alleges that CollegeSource misleadingly used CGF's name after its dissolution as a conduit for receiving money.

The Complaint field by AcademyOne against CollegeSource is composed of the following causes of action:



Count I – False Advertising Under 15 U.S.C. § 1125(a)

Count II – Trademark Infringement and False Designation Pursuant to 15 U.S.C. § 1125(a)

Count III – Cyber-Squatting Under 15 U.S.C. § 1125(d)

****

We direct your attention to the following relevant policy provisions.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM (CG 00 01 10 01)

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury "or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property

damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when an insured listed under Paragraph 1. or Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

SECTION V – DEFINITIONS

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

We direct your attention to the following policy endorsement:

AMENDMENT OF COVERAGE – PROPERTY DAMAGE (CG D2 56 11 03)

Provisions

The definition of "property damage" in Section V- Definitions is deleted in its entirety and replaced by the following:

"Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

"Property damage" does not include loss of or damage to "electronic media and records".

As used in this definition, "electronic media and records" means:

a. Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

b. Data stored on such media; or

c. Programming records for electronic data processing or electronically controlled equipment.

We direct your attention to the relevant portions of endorsement CG D2 34 entitled "Web Xtend – Liability":

WEB XTEND – LIABILITY (CG D2 34 01 05)

Provisions

Coverage B. Personal Injury and Advertising Injury Liability (Section I – Coverages) is deleted in its entirety and replaced by the following:

COVERAGE B. PERSONAL INJURY, ADVERTISING INJURY AND WEB SITE INJURY LIABILITY

1. Insuring Agreement.

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury", "advertising injury" or "web site injury" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend the insured against any "suit" seeking damages for "personal injury", "advertising injury" or "web site injury" to which this insurance does not apply. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or

services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

b. This insurance applies to:

(1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;

(2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services; or

(3) "Web site injury" caused by an offense committed in the course of the visual or audio presentation of material on "your web site" or in the numerical expression of computer code used to enable "your web site";

but only if the offense was committed in the "coverage territory" during the policy period.

With respect to subparagraph b. (1) above, bulletins, financial or annual reports, or newsletters that are not published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters will not be considered publishing.

PERSONAL AND ADVERTISING INJURY

The definition of "Personal and Advertising injury" (Section V – Definitions) is deleted in its entirety and replaced by the following definitions of "advertising injury" and "personal injury":

"Advertising injury" means injury arising out of one or more of the following offenses:

a. Oral, written or electronic publication of material that that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have been slandered or libeled, or whose goods, products or services have allegedly been disparaged;

b. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life; or

c. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization claiming ownership of such copyright, title or slogan.

"Personal injury" means injury, other than "bodily injury," arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor, provided that the wrongful eviction, wrongful entry, or invasion of the right of private occupancy is performed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have slandered or libeled, or whose goods, products or services have allegedly been disparaged; or

e. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life.

WEB SITE INJURY

"Web site injury" means injury, other than "personal injury" or "advertising injury", arising out of one or more of the following offenses:

a. Oral, written or electronic publication of material that that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that claim is made or "suit" is brought by a person or organization that claims to have been slandered or libeled, or whose goods, products or services have allegedly been disparaged;

b. Oral, written or electronic publication of material that appropriates a person's likeness, unreasonably places a person in a false light or gives unreasonable publicity to a person's private life; or

c. Oral, written or electronic publication of material that violates a person's right of publicity, provided that claim is made or "suit" is brought by the person claiming rights of publicity; or

d. Infringement of copyright, title or slogan, provided that claim is made or "suit" is brought by a person or organization claiming ownership of such copyright, title or slogan.

YOUR WEB SITE

"Your web site" means all computer files and data which may be accessed via the Internet using a Universal Resource Locator that includes any domain name owned by or assigned to you.

2. Exclusions.

This insurance does not apply to:

a. Knowing Violation of Rights of Another

"Personal injury", "advertising injury" or "web site injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal injury", "advertising injury" or "web site injury".

g. Quality or Performance of Goods – Failure to Conform to Statements

"Advertising injury" or "web site injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in the course of advertising your goods, products or services.

i. Insureds in Media and Internet Type Businesses

"Personal injury", "advertising injury" or "web site injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;
(2) Designing or determining content of websites for others; or
(3) An internet search, access, content or service provider.

However, this exclusion does not apply to paragraphs a., b. and c. of the "personal injury" definition under Section V – Definitions of this endorsement.

For the purposes of this exclusion, bulletins, financial or annual reports, or newsletters that are not published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters will not be considered publishing.

K. Unauthorized Use of Another's Name or Product.

"Personal injury", "advertising injury" or "web site injury" arising out of the unauthorized use of another's name or product in your email address, domain name or metatag, or any other similar activities that mislead another's potential customers.

****

None of the allegations contained in the Complaint allege an "occurrence" resulting in "bodily injury" or "property damage", as defined by those policy terms. As such, there is no coverage obligation triggered under Coverage A "Bodily Injury and Property Damage Liability" or Coverage C "Medical Payments" (please refer to the policy, as for the sake of brevity we have not cited insuring agreement C).

None of the allegations contained in the Complaint constitute "personal injury", "advertising injury" or "website injury" as defined by those policy terms. There are no allegations that CollegeSource committed one or more of the enumerated "personal injury" offenses arising out of your business. Also, there are no allegations that CollegeSource committed one or more of the enumerated "advertising injury" offenses in the course of advertising your goods, products or service, as required by the insuring agreement of Coverage B. In addition, there are no allegations that CollegeSource committed one or more of the enumerated "web site injury" offenses while in the course of visual or audio presentation of material on "your web site" or in the numerical

expression of computer code used to enable "your web site". Also, Coverage B exclusions 2.a., 2.g, 2.i, and 2.k, cited above, are further applicable to disclaim coverage under this coverage part.

We also bring to your attention that the Complaint makes demands for various forms of injunctive relief. Pursuant to the terms of the policy, the policy will not respond to any form of injunctive relief which may be granted.

Please be advised that Travelers expressly reserves all of its rights under the insurance policy. The failure of Travelers to point out any further terms, conditions, or exclusions of its policy shall not waive any current or future rights of defense of Travelers pursuant to the Travelers policy, or act to prevent Travelers from asserting such rights or defenses. Furthermore, should there be any policy or term quotations in this letter which may differ from the actual policy, please be advised that the terms, provisions and conditions of the actual policy will govern.

The California Code of Regulations, Title 10, Chapter 5, Section 2695.7(b) requires that we advise you that, if you think that any part of this claim has been wrongfully denied, you may have this matter reviewed by the California Department of Insurance. The Department address is:

California Department of Insurance
Consumer Services Division
300 South Spring Street, 11th Floor
Los Angeles, CA 90013
(800) 927-HELP or (213) 897-8921

Should you have any questions regarding the position we have taken, or wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,

Paul J. Cooper, CPCU
Senior Technical Specialist
The Travelers Property Casualty Company of America

cc

GA Pearson & Associates
6225 Lusk Blvd.
Suite B
San Diego, CA 92121

EXHIBIT 6

GAUNTLETT & ASSOCIATES
ATTORNEYS AT LAW

18400 Von Karman, Suite 300
Irvine, California 92612
Phone: (949) 553-1010
Facsimile: (949) 553-2050

Email: info@gauntlettlaw.com
Website: www.gauntlettlaw.com

Our File Number:
10584-001

July 7, 2009

CONFIDENTIAL INSURED-INSURER COMMUNICATION
This communication is an insured-insurer confidential communication. Any information disclosed by the insured or by independent counsel is not a waiver of the privilege as to any other party.

VIA U.S. MAIL

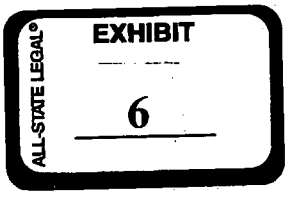
Paul J. Cooper
THE TRAVELERS COMPANIES, INC.
401 Route 73 North
30 Lake Center – Suite 110
Marlton, NJ 08053-3426

Re: *AcademyOne, Inc. v. CollegeSource, Inc.*, U.S.D.C. for the Eastern District of Pennsylvania (Philadelphia), Civil Action No.: 2:08-cv-05707-JP ("*AcademyOne* suit")
Named Insured: CollegeSource, Inc.
Insurers: Travelers Property Casualty Company of America, Travelers Indemnity Company of Connecticut
Travelers' File No.: A4S5012
Policy: Commercial General Liability Policy No. I-660-3905B356-TCT-06 (effective dates 11/25/06 to 11/25/07)
Policy: Commercial General Liability Policy No. I-660-3905B356-TIL-07 (effective dates 11/25/07 to 11/25/08)
Policy: Commercial General Liability Policy No. I-660-3905B356-TIL-08 (effective dates 11/25/08 to 11/25/09)

Dear Mr. Cooper:

We are in receipt of your letter dated June 16, 2009 denying coverage on behalf of The Travelers Property Casualty Company of America under Policy No. 660-3905B356 in connection with the above-referenced litigation. Please confirm whether Travelers' denial pertains to Policy No. 660-3905B356 for each of its policy years.

For instance, that policy was originally issued by the Travelers Indemnity Company of



Connecticut to CollegeSource, Inc., effective November 25, 2006 through November 25, 2007. The policy was then renewed under the same policy number for the two successive years by the Travelers Property Casualty of America, i.e. from November 25, 2007 to November 25, 2008 and then from November 25, 2008 through November 25, 2009.

We provided notice under each of these three policy periods, but your June 16, 2009 denial letter appears only to address those policies issued by the Travelers Property Casualty Company of America.

Thank you for your prompt attention to this matter.

Very truly yours,

Joseph S. McMillen

JSM/pam

cc: GA Pearson & Associates
6225 Lusk Blvd., Ste. B
San Diego, Ca 92121

David A. Gauntlett, Esq. (via email)
William Woods, Esq. (via email)
Darren J. Quinn, Esq. (via email)
Client (via email)

EXHIBIT 7

TRAVELERS

Paul J. Cooper, CPCU
Senior Technical Specialist
The Travelers Companies, Inc.
(856) 703-2230
(877) 231-2506 (fax)
pjcooper@travelers.com

401 Route 73 North
30 Lake Center – Suite 110
Marlton, NJ 08053

July 17, 2009 **Certified Mail – Return Receipt Requested**

Joseph S. McMillen, Esq.
Gauntlett & Associates
18400 Von Karman
Suite 300
Irvine, CA 92612

RE: AcademyOne Inc. vs. CollegeSource, Inc.
USDC Eastern PA Ca No: 08-cv-5707

Our Insured: CollegeSource, Inc.
Our File: A4S5012

Dear Mr. McMillen:

Responding to your letter of July 7, 2009, we acknowledge that policy number 660-3905B356 for policy period 11-25-2006/2007 was issued by The Travelers Indemnity Company of Connecticut and that for subsequent policy periods of 11-25-2007/2008 and 11-25-2008/2009, these policies were issued by The Travelers Property Casualty Company of America. Please let this correspondence confirm that our declination letter dated June 16, 2009 applies to all of the policy periods in which this policy was issued.

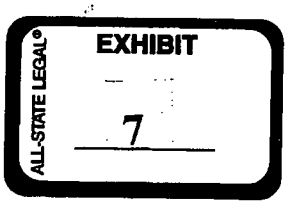
Should you have any questions regarding the position we have taken, or wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,

Paul J. Cooper, CPCU
Senior Technical Specialist
The Travelers Property Casualty Company of America
The Travelers Indemnity Company of Connecticut

cc

GA Pearson & Associates
6225 Lusk Blvd.
Suite B
San Diego, CA 92121



CERTIFIED MAIL

TRAVELERS

401 Route 73 North
30 Lake Center, Suite 110
Marlton, NJ 08053

91 7108 2133 3931 2982 5634

UNITED STATES POSTAGE
PITNEY BOWES
02 1P $ 005.54⁰
0002153855 JUL 17 2009
MAILED FROM ZIP CODE 08053

Joseph S. McMillen, Esq.
Gauntlett & Associates
18400 Von Karman
Suite 300
Irvine, CA 92612

REC'D JUL 20 2009

92612+0505

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JS 44 (Rev. 12/07)

CIVIL COVER SHEET

ORIGINAL

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

COLLEGESOURCE, INC., a California corporation

DEFENDANTS

TRAVELERS INDEMNITY COMPANY OF CONNECTICUT, a Connecticut corporation

2010 JUL -8 PM 2:57

CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY: DEPUTY

(b) County of Residence of First Listed Plaintiff San Diego
(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

(c) Attorney's (Firm Name, Address, and Telephone Number)

GAUNTLETT & ASSOCIATES, 18400 Von Karman, Suite 300, Irvine, CA 92612 - Telephone: (949) 553-1010

Attorneys (If Known)

'10 CV 1428 JAH POR

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☐ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☒ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☒ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☒ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS		FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
☒ 110 Insurance	PERSONAL INJURY	PERSONAL INJURY	☐ 610 Agriculture	☐ 422 Appeal 28 USC 158	☐ 400 State Reapportionment
☐ 120 Marine	☐ 310 Airplane	☐ 362 Personal Injury - Med. Malpractice	☐ 620 Other Food & Drug	☐ 423 Withdrawal 28 USC 157	☐ 410 Antitrust
☐ 130 Miller Act	☐ 315 Airplane Product Liability	☐ 365 Personal Injury - Product Liability	☐ 625 Drug Related Seizure of Property 21 USC 881	PROPERTY RIGHTS	☐ 430 Banks and Banking
☐ 140 Negotiable Instrument	☐ 320 Assault, Libel & Slander	☐ 368 Asbestos Personal Injury Product Liability	☐ 630 Liquor Laws	☐ 820 Copyrights	☐ 450 Commerce
☐ 150 Recovery of Overpayment & Enforcement of Judgment	☐ 330 Federal Employers' Liability	PERSONAL PROPERTY	☐ 640 R.R. & Truck	☐ 830 Patent	☐ 460 Deportation
☐ 151 Medicare Act	☐ 340 Marine	☐ 370 Other Fraud	☐ 650 Airline Regs.	☐ 840 Trademark	☐ 470 Racketeer Influenced and Corrupt Organizations
☐ 152 Recovery of Defaulted Student Loans (Excl. Veterans)	☐ 345 Marine Product Liability	☐ 371 Truth in Lending	☐ 660 Occupational Safety/Health	SOCIAL SECURITY	☐ 480 Consumer Credit
☐ 153 Recovery of Overpayment of Veteran's Benefits	☐ 350 Motor Vehicle	☐ 380 Other Personal Property Damage	☐ 690 Other	☐ 861 HIA (1395ff)	☐ 490 Cable/Sat TV
☐ 160 Stockholders' Suits	☐ 355 Motor Vehicle Product Liability	☐ 385 Property Damage Product Liability	LABOR	☐ 862 Black Lung (923)	☐ 810 Selective Service
☐ 190 Other Contract	☐ 360 Other Personal Injury		☐ 710 Fair Labor Standards Act	☐ 863 DIWC/DIWW (405(g))	☐ 850 Securities/Commodities/ Exchange
☐ 195 Contract Product Liability			☐ 720 Labor/Mgmt. Relations	☐ 864 SSID Title XVI	☐ 875 Customer Challenge 12 USC 3410
☐ 196 Franchise			☐ 730 Labor/Mgmt.Reporting & Disclosure Act	☐ 865 RSI (405(g))	☐ 890 Other Statutory Actions
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	☐ 740 Railway Labor Act	FEDERAL TAX SUITS	☐ 891 Agricultural Acts
☐ 210 Land Condemnation	☐ 441 Voting	☐ 510 Motions to Vacate Sentence	☐ 790 Other Labor Litigation	☐ 870 Taxes (U.S. Plaintiff or Defendant)	☐ 892 Economic Stabilization Act
☐ 220 Foreclosure	☐ 442 Employment	Habeas Corpus:	☐ 791 Empl. Ret. Inc. Security Act	☐ 871 IRS—Third Party 26 USC 7609	☐ 893 Environmental Matters
☐ 230 Rent Lease & Ejectment	☐ 443 Housing/ Accommodations	☐ 530 General	IMMIGRATION		☐ 894 Energy Allocation Act
☐ 240 Torts to Land	☐ 444 Welfare	☐ 535 Death Penalty	☐ 462 Naturalization Application		☐ 895 Freedom of Information Act
☐ 245 Tort Product Liability	☐ 445 Amer. w/Disabilities - Employment	☐ 540 Mandamus & Other	☐ 463 Habeas Corpus - Alien Detainee		☐ 900Appeal of Fee Determination Under Equal Access to Justice
☐ 290 All Other Real Property	☐ 446 Amer. w/Disabilities - Other	☐ 550 Civil Rights	☐ 465 Other Immigration Actions		☐ 950 Constitutionality of State Statutes
	☐ 440 Other Civil Rights	☐ 555 Prison Condition			

V. ORIGIN (Place an "X" in One Box Only)

☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from another district (specify) ☐ 6 Multidistrict Litigation ☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (**Do not cite jurisdictional statutes unless diversity**):
28 U.S.C. § 2201

Brief description of cause:
Declaratory Relief - Duty to Defend, and Breach of Contract - Duty to Defend

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND $ 75,000+

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☑ No

VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE _____ DOCKET NUMBER _____

DATE
07/08/2010

SIGNATURE OF ATTORNEY OF RECORD
Andrew M. Sussman of GAUNTLETT & ASSOCIATES

FOR OFFICE USE ONLY

RECEIPT # 15540 AMOUNT $350 7/8/10 BH APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

CR

Court Name: USDC California Southern
Division: 3
Receipt Number: CAS015540
Cashier ID: bhartman
Transaction Date: 07/08/2010
Payer Name: GAUNTLETT AND ASSOC

CIVIL FILING FEE
For: COLLEGESOURCE V TRAVELERS
Case/Party: D-CAS-3-10-CV-001428-001
Amount: $350.00

CHECK
Check/Money Order Num: 16967
Amt Tendered: $350.00

Total Due: $350.00
Total Tendered: $350.00
Change Amt: $0.00

There will be a fee of $45.00
charged for any returned check.